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***REDEVELOPMENT
IMPLEMENTATION
PLAN 1995 - 1999***

STANTON REDEVELOPMENT AGENCY

City Clerk's Office
City of Stanton
7800 Katella Ave.
Stanton, CA 90680

GRC - COPENHAVER, INC.

RESOLUTION NO. SRA 94-9

**A RESOLUTION OF THE STANTON REDEVELOPMENT AGENCY
APPROVING AN IMPLEMENTATION PLAN FOR THE STANTON
REDEVELOPMENT AGENCY**

WHEREAS, California Health and Safety Code Subsection 33490(a)(1) provides in pertinent part as follows:

9 "On or before December 31, 1994, and each five years thereafter, each agency that has
10 adopted a redevelopment plan prior to December 31, 1993, shall adopt, after a public hearing,
11 an implementation plan that shall contain the specific goals and objectives of the Agency for
12 the project area, the, specific projects and expenditures proposed to be made during the next
13 five years, and an explanation of how the goals and objectives, projects and expenditures will
14 eliminate blight within the project area....

(ii) California Health and Safety Code Subsection 33490(d) provides as follows:

16 “Notice of public hearings conducted pursuant to this section shall be published
17 pursuant to section 6063 of the Government Code and posted in at least four permanent places
18 within the project area for a period of three weeks. Publication and posting shall be completed
19 not less than ten days prior to the date set for hearing.”

20 (iii) On December 13, 1994, this Agency conducted and concluded the above-
21 referenced duly noticed public hearing.

(iv) All legal prerequisites to the adoption of this Resolution have occurred.

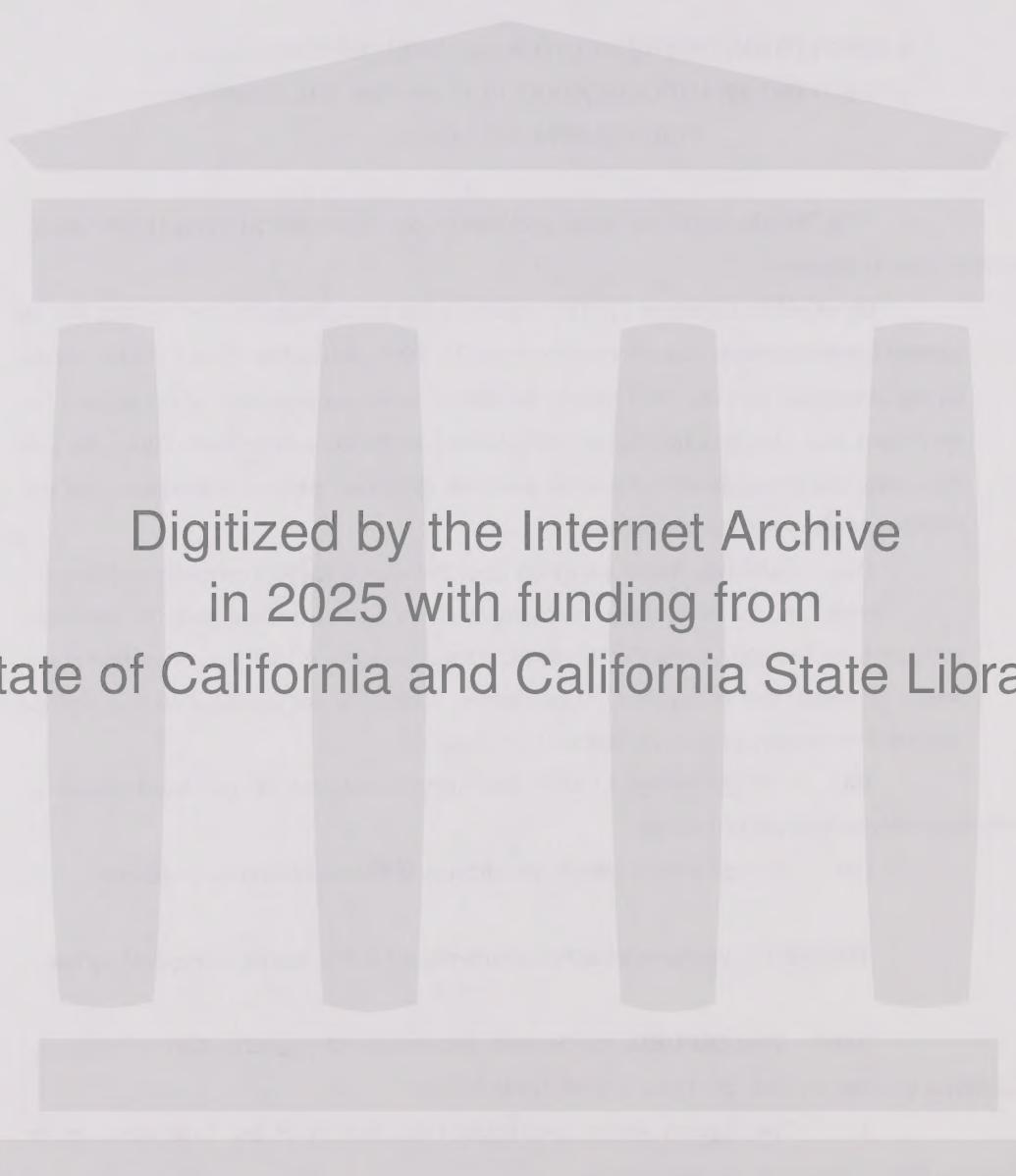
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WHEREAS, the Agency has held a duly noticed public hearing as required by law.

25

28 1. This Agency hereby specifically finds that all of the facts stated in the
29 Recitals, Part A, above are true and correct.

30 2. Pursuant to California Health and Safety Code Section 33490, this Agency
31 hereby adopts that document entitled "Implementation Plan for the Stanton Redevelopment



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1 Agency", a true and correct copy of which is attached hereto and marked Exhibit "A" and
2 incorporated herein by this reference as the implementation plan for its Stanton Community
3 Development Project Area as amended.

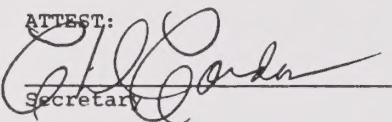
4 3. The Secretary to this Agency shall certify to the adoption of this Resolution.

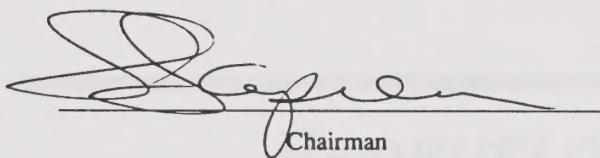
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6 ADOPTED AND APPROVED this 13th day of December, 1994.

7

8 ATTEST:

9 
10 G.D. Cordero
11 Secretary


Chairman

12 I, D. C. CORDOVA, Secretary of the Stanton Redevelopment Agency, do hereby
13 certify that the foregoing Resolution was introduced at a regular meeting of the Stanton
14 Redevelopment Agency held on the 13th day of December, 1994, and was finally passed at a
15 regular meeting of the Stanton Redevelopment Agency held on the 13th day of December 1994,
16 by the following vote:

17

18

19 AYES: AGENCY MEMBERS: Dotson, Estrada, Diaz, Martinez and Sapien

20 NOES AGENCY MEMBERS: None

21 ABSENT: AGENCY MEMBERS: None

22 ABSTAINED: AGENCY MEMBERS: None

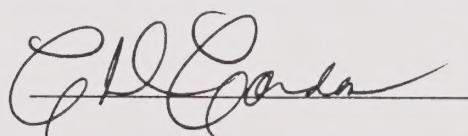
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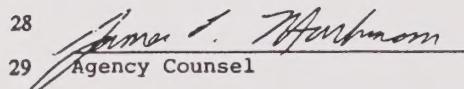
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27 APPROVED AS TO FORM:


Secretary

28

29


James I. Thompson
Agency Counsel

December 1994

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**PREPARED FOR
STANTON REDEVELOPMENT AGENCY**

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Role of Stanton and surrounding areas
Role of the City of Stanton

PREPARED BY

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Chapter I

Introduction

Purpose and Intent of the Implementation Plan

Section 1 Purpose

The Stanton Redevelopment Agency is responsible for the preparation, adoption and implementation of redevelopment plans to eliminate blight conditions and revitalize deteriorating areas in the community. The Agency has prepared and adopted one (1) redevelopment plan and two (2) plan amendments; and, project implementation currently encompasses various public works projects, marketing of the City and its Redevelopment Agency, business retention and expansion, and housing activities.

The Community Redevelopment Law ("CRL") provides the Agency with certain fundamental tools which are essential to the operation of the Agency. These tools are:

- The authority to buy real property, including, if necessary, the power to use eminent domain;
- The authority to develop the property (but not to construct buildings);
- The authority to sell real property without bidding;
- The authority and obligation to relocate persons who have interests in property acquired by the Agency;
- The authority to finance its operations by borrowing funds from various sources and selling bonds; and
- The authority to impose land use and development controls pursuant to a comprehensive plan of redevelopment.

The Agency is also responsible for increasing and improving the community's supply of low- and moderate-income housing. This is accomplished by the Agency through three different but interrelated requirements imposed by CRL. The three requirements provide for the production, improvement and preservation of housing for low- and moderate-income persons. These requirements are:

Twenty (20) percent of tax increment revenue must be expended to increase, improve and preserve the supply of low- and moderate-income housing in the community ("The Housing Fund Requirement");

- The Agency must replace low- and moderate-income housing which is removed as a result of a redevelopment project ("The Replacement Housing Requirement"); and
- A fixed percentage of all housing constructed in a redevelopment project area must be affordable to low- and moderate-income persons and families ("The Project Area Housing Production Requirement").

This five year implementation plan has been prepared and approved by the Stanton Redevelopment Agency to provide a strategy to accomplish its redevelopment goals and objectives and as a means to measure its performance.

Section 2

Intent of the Implementation Plan

In many early California redevelopment projects, a major focus was upon demolition of blighted residential buildings and development of new non-residential uses or high income residential uses to replace the demolished residential buildings. To address the problems that arose with regard of the effect of redevelopment on low- and moderate-income housing, over the past eighteen years the Legislature has enacted a series of increasingly comprehensive revisions to CRL which require agencies to undertake activities which will assist in the production of low- and moderate-income housing.

The most recent revision to the CRL is entitled The Community Redevelopment Law Reform Act of 1993 (AB 1290). AB 1290 was authored and signed into law to address perceived major abuses and problems in redevelopment and to refocus the redevelopment process on statewide concerns of alleviating blight, stimulating economic development, and providing affordable housing. Among the redevelopment problems and abuses addressed in the new law are the perceived unlimited duration of many redevelopment projects, the concern with project areas being adopted that are not clearly blighted, redevelopment activities being undertaken that do not really address blighting conditions, the use of redevelopment to attract sales tax generating uses that do not merit public assistance, and the inability of redevelopment agencies to encumber and expend affordable housing funds in a timely manner.

The legislative requirement for implementation planning reflects a concern that redevelopment activities should be connected with the elimination of the blight that justified adoption of the redevelopment plan. The implementation plan is one of several tools which link Agency's activities to the elimination of blight. The Agency will need to reevaluate its activities from time to time to ensure this link requirement is met.

On September 27, 1994, the Governor signed SB 732, a bill designed to amend AB 1290. Most of the changes made by SB 732 are technical in nature. However, a few of the SB 732 changes reflect substantive revisions or clarifications to the law.

The CRL does not specify the extent to which the Agency's actual activities must conform with this Implementation Plan. However, it does not seem likely that the Legislature intended this Plan to be ignored in practice, or that it be rigidly adhered to over the five-year period without opportunity for amendments, updates, or modest deviations. The fact that SB 732 adds explicit authorization for amendments to the implementation adds strength to the principle implicit in the plan provisions of AB 1290 that the Agency cannot undertake an activity or project that is not contemplated by its implementation plan.

A. Implementation Plan Requirements

AB 1290 contains a number of provisions that require the Agency and its legislative body to implement its redevelopment plans in a manner that will eliminate blight. One of the provisions of AB 1290 that strengthens the linkage between plan implementation and blight elimination is a new section of the CRL that requires the Agency to adopt an implementation plan which contains:

- 1) the specific goals and objectives of the Agency for each project area;
- 2) the specific programs including potential projects and estimated expenditures proposed to be made during the next five years;
- 3) an explanation of how the goals, objectives, the specific programs including potential projects and estimated expenditures will eliminate blight within each project area;
- 4) an explanation of how the goals, objectives, the specific programs including potential projects and estimated expenditures will implement the Agency's housing obligations pursuant to Community Redevelopment Law;
- 5) A description of the Agency's housing responsibilities including:
 - the Agency's obligation to use twenty (20%) percent of tax increment to increase, improve and preserve the communities supply of low- and moderate-income housing (§33334.2);
 - the requirement that assistance be targeted in at least the same proportion as the total number of housing units needed for very low- and low-income groups (§33334.4);
 - the requirement that low and moderate income housing set aside is applicable to plans and amendments adopted prior to January 1, 1976 (§33334.6);
 - agency-developed and project area housing and/or replacement housing requirements (§33413.0), if applicable;
 - the amount available in the Low and Moderate Income Housing Fund and the estimated amounts which will be deposited in the Low and Moderate Income Housing Fund during each of the next five years;
 - estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of the expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.

B. Implementation Plan Adoption Process

For redevelopment plans adopted prior to December 31, 1993, the first implementation plan must be adopted, after a public hearing, on or before December 31, 1994. After adoption of the first implementation plan, the parts of the plan that address Sections 33334.2, 33334.4, 33334.6 and 33413 are to be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle. The

Agency may amend the implementation plan after conducting a public hearing on the proposed amendment.

At least once within the five-year term of this Plan, the Agency must conduct a public hearing and consider testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation for each redevelopment project. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.

Adoption of an implementation plan does not constitute an approval of any specific program, project, or expenditure and therefore is not subject to the requirements set forth in the California Environmental Quality Act.

Section 3 Legislative Requirements

A. *Linking Implementation to Blight Elimination*

AB 1290 contains a number of provisions that require the Agency and its legislative body to implement its redevelopment plans in a manner that will eliminate blight. Implementing projects that cannot be linked to elimination of blight is specifically not allowed under the California Redevelopment Law. The provisions of AB 1290 strengthening the linkage between plan implementation and blight elimination are discussed below.

Disposition of Property

AB 1290 amends the section of the CRL dealing with agency disposition of property acquired with tax increments revenues. An agency must prepare and make available a report detailing information regarding the proposed sale or lease of property. AB 1290 mandates that report also contain an explanation of why the sale or lease will assist in elimination of blight together with the facts and data supporting that explanation. In addition, AB 1290 requires that the legislative body, in approving a sale or lease, find that the sale or lease will assist in eliminating blight.

Infrastructure Improvements

CRL authorizes agencies to pay the cost of public infrastructure projects. As amended by AB 1290, the legislative body, in approving an agency's payment of land or construction costs for a public improvement or facility, must find that the agency's contribution to the cost of the public improvement or facility will assist in elimination of one or more blighting conditions in the project area.

Implementation Plans

A new section added to the CRL requires agencies to produce implementation plans every five years.

B. *Affordable Housing Requirements*

The State housing guidelines and laws with which cities and redevelopment agencies must comply are summarized in this subsection of the implementation plan. The purpose of this summary is to make clear what requirements the Agency is required to address.

Low & Moderate Income Housing Fund Requirement

The Health and Safety Code requires that twenty percent (20%) of all tax increment allocated to the Agency shall be used by the Agency for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost, as defined by Section 50052.5 to persons and families of low or moderate income, as defined in Section 50093, and very low income households, as defined in Section 50105. These funds are to be held in a separate Low and Moderate Income Housing Fund ("Housing Fund") until used. Any interest earned by the Housing Fund and any repayments or other income to the agency for loans, advances, or grants of any kind from the Housing Fund, shall accrue to and be deposited in the fund and may only be used in the manner prescribed for the Housing Fund.

Uses of Housing Fund

General Use

Community Redevelopment Law authorizes a broad range of uses for the Housing Fund, including but not limited to: acquisition of land or buildings; construction of buildings, onsite improvements or offsite improvements; rehabilitation of buildings; paying a portion of the principal and interest on bonds issued to finance low- and moderate-income housing; the preservation of housing subsidized by federal, state, or local government and subject to conversion to market rate rental; the maintenance of the community's supply of mobilehomes; and the provision of subsidies (under specified conditions) for financing of housing. The activities authorized are broad enough to allow many structures for redevelopment agency participation in the production, rehabilitation, and preservation of low- and moderate-income housing.

Site Improvements

An agency can only construct offsite improvements if they are specifically related to newly constructed or rehabilitated units which are directly benefited by the offsite improvements. In 1992 further legislation modified this provision to provide that Housing Fund money may be used for offsite improvements only if (1) they are made as a part of a program of construction or rehabilitation of affordable units or (2) the agency makes a finding that the improvement is necessary to eliminate a specific condition that jeopardizes the health or safety of existing low-income residents.

Land Acquisition

If an agency utilizes its Housing Fund to acquire an interest in real property, it is required to initiate activities to develop that property for affordable housing within five years of the date of acquisition. The initiation of activities includes zoning changes or the execution of a DDA for the property. If no activities have been initiated within the five year period, the legislative body may, by resolution, extend the time period for an additional five years, provided that the resolution affirms its intent that the property be used for the development of affordable housing. In the event that the physical development of the property for this purpose

has not commenced by the end of the extended time period, the agency is required to sell the property and place the proceeds of the sale in the Housing Fund.

Administrative Costs

A portion of the Housing Fund may be spent for an agency's planning and administration of its housing program, although administrative expenditures should not be disproportionate to the amount spent for actual housing production and improvement.

Eligible Households

The Housing Fund must be spent on housing which is "available at affordable housing cost" to persons and households whose incomes do not exceed the low- and moderate-income level. The maximum income level for low- and moderate-income is 120% of the area median income as established by the California Housing and Community Development Department using United States Department of Housing and Urban Development ("HUD") standards. Thus, the general requirement is that housing set-aside funds cannot be used to assist or provide housing which will be for persons or families whose incomes exceed 120% of the area median. Other requirements target use of the Housing Fund to lower income households and very low income households.

Targeting of Housing Fund Assistance to Specific Income Levels

The general requirement that Housing Fund moneys be used to increase, improve and preserve the supply of housing available at affordable housing cost for low and moderate income households was supplemented in 1989 with a requirement that agencies target utilization of their Housing Fund to specific income levels. Agencies are now required to expend the moneys in the Housing Fund to assist very low and lower income households in at least the same proportion as the total number of housing units needed in the community for those two income categories which are not being provided by other governmental programs.

Duration and Enforcement of Affordability Controls

Any new or substantially rehabilitated housing which is assisted from the Housing Fund must remain affordable to low- and moderate-income persons or households for a specified period of time. In the case of new or substantially rehabilitated rental housing, controls must be imposed on the assisted housing units requiring it to remain affordable for the longest feasible time, but not less than fifteen years. For owner-occupied housing, the units must remain affordable for the longest feasible time, but not less than ten years. Finally, if the an agency utilizes its Housing fund to preserve assisted units, the units are required to remain affordable for the longest feasible time and, in any event, beyond the date the subsidies or use restrictions could be terminated and the assisted units could be converted to market rate rentals.

The affordability requirement for each housing unit developed or substantially rehabilitated with Housing Fund moneys must be made enforceable by the agency through recordation of covenants or restrictions against the applicable parcel. The covenants or restrictions must run with the land and be enforceable against the original owner and successors in interest by the agency or the community. The covenants or restrictions may be subordinated to federal, state, or private lender financing under specified circumstances.

Capitalization of the Set-Aside

Although not explicitly authorized, many agencies have capitalized their Housing Funds by including the housing set-aside as tax increment revenue pledged to pay debt service on tax allocation bonds. Capitalization of the set-aside is a useful means of raising money for housing. Unfortunately, the Internal Revenue Code of 1986 places substantial limits on the use of the proceeds of tax-exempt tax allocation bonds which make it more difficult to expend the proceeds of those bonds to construction or assist low- and moderate-income housing. Alternatively, the housing set-aside revenue could be capitalized through a taxable bond, in which case there would be greater flexibility in the types of housing assistance activities that could be funded from the portion of bond proceeds placed in the Housing Fund.

The Excess Surplus Rule

As redefined in AB 1290, an agency will have an excess surplus when the unexpended and unencumbered amount in the agency's Housing Fund exceeds the greater of \$1,000,000 or the total amount deposited in the agency's Housing Fund during the preceding four years. AB 1290 makes clear that the first fiscal year to be included in determining whether an agency has an excess surplus is fiscal year 1989-90, and the first date on which an excess surplus may exist is July 1, 1994.

AB 1290 also addresses the treatment of bond proceeds deposited in the Housing Fund when an agency capitalizes its 20% set-aside funds. In performing the excess surplus calculation, the bond proceeds deposited in the Housing Fund are not counted. Instead, the calculation is made as if the bonds had not been issued, and the agency had simply deposited into the Housing Fund the 20% set-aside amount that is pledged for bond repayment.

Time Periods for Encumbrance

AB 1290 establishes new time periods and procedures for encumbrance of an agency's excess surplus to avoid sanctions. During the first year that a particular excess surplus amount exists, the agency may voluntarily disburse that excess surplus amount to the county housing authority or other public agency exercising housing development powers within the agency's jurisdiction. If such timely voluntary disbursement is made, the excess surplus is deemed encumbered and the agency will be free of any possible penalty related to that particular excess surplus amount.

If the voluntary disbursement described above is not made during the first year in which a particular excess surplus amount exists, the agency then has an additional two years (for a total of three years from the time the amount became an excess surplus) to expend or encumber such amount. A failure to expend or encumber the excess surplus within this period will result in imposition of the new AB 1290 sanctions described below.

Penalties

AB 1290 prohibits a nonconforming agency from undertaking new non-housing activities until the excess surplus has been expended or encumbered and requires additional affordable housing expenditures using non-Housing Fund money. Specifically, with the exceptions noted below, an agency that reaches this penalty situation is prohibited from encumbering funds or expending moneys derived from any source until it has encumbered or expended for qualified affordable housing activities the excess surplus amount plus an additional amount equal to 50% of the excess surplus amount. The additional amount must be derived from non-Housing Fund sources.

The exceptions to this expenditure and encumbrance prohibition permit an agency to continue paying the following types of obligations incurred prior to the end of the grace period (i.e., obligations incurred prior to three years after the unencumbered amount at issue become an excess surplus): obligations in the form of bonds, notes, interim certificates, debentures, loans, contractual obligations (the breach of which could subject the agency to liability), pass-through payments to taxing entities, Housing Fund-related indebtedness, and miscellaneous other statutory payments. The agency is also permitted to fund its ongoing operation and administrative costs, but only in an amount not to exceed 75% of the amount spent for those purposes in the preceding fiscal year, presumably referring to the fiscal year prior to the end of the grace period for expending an excess surplus and the beginning of the penalty period.

Transition Rule

AB 1290 provides a transition rule for agencies that will have an excess surplus on the earliest date possible under the provisions of AB 1290 -- July 1, 1994. To avoid the above-described sanctions, such agencies will have until January 1, 1995 to decide to transfer the funds to the local housing authority, or until January 1, 1997 to otherwise expend or encumber the pre-existing excess surplus amount.

Relation to Housing Element

The housing element of the community general plan sets forth a five-year schedule of actions the City will undertake to implement the policies and achieve the objectives of the housing element through the administration of land use and development controls, provision of regulatory concessions, and the utilization of available state and federal financing and subsidy programs. Recently-enacted legislation requires that utilization of the

redevelopment agency's Housing Fund also be included in this five year schedule of actions, and that the housing element identify redevelopment funds as an available source of funds to preserve assisted housing developments.

Replacement Housing Requirement

The Health and Safety Code requires that whenever dwelling units housing persons and families of low- or moderate-income are destroyed or removed from the market as part of a redevelopment project subject to a written agreement with the agency, the agency must replace those units with new or newly rehabilitated low- and moderate-income units. The units must be replaced within four years after they are destroyed or removed from the market.

Every redevelopment plan adopted or amended to expand the project area after January 1, 1977, shall contain a provision regarding replacement housing requirements pursuant to the Health and Safety Code. Irrespective of the January 1, 1977 implementation date, the CRL imposes the replacement rule on any redevelopment plan adopted on or after January 1, 1976.

Effective January 1, 1991, replacement dwelling units must have an equal or greater number of bedrooms as those removed units at affordable housing costs within the territorial jurisdiction of the agency.

Income and Affordability Standards

The basic income and affordability standards for replacement housing are the same as those described for use of Housing Fund moneys. For affordable units removed prior to September 1, 1989, replacement units must be available at an affordable housing cost to persons and families of low and moderate income, without regard to the specific income of the person or family originally occupying the removed dwelling unit. However, for units removed after September 1, 1989, California law requires that seventy-five (75) percent of the replacement units be affordable to the same income groups that occupied the units removed.

Duration and Enforcement of Affordability Requirements

Replacement housing must remain affordable for low- and moderate-income persons or households for the longest feasible time, but not less than the period of time that the land use controls of the redevelopment plan remain in effect. Changes adopted as part of AB 1290 make it unclear what would be considered the minimum period of time for affordability requirements. Under AB 1290, redevelopment plans must have time limits for incurring debt, expiration of the plan/completion of redevelopment activities, and collecting tax increment revenues, rather than to land use controls. A reasonable conclusion would be to require affordability controls on replacement housing to have a minimum term that runs to the expiration date of the plan/completion.

The affordability controls on such units must be made enforceable by recorded covenants or restrictions in the same manner as required for Housing Fund-assisted units.

Project Area Housing Production

Project areas created by plans adopted on or after January 1, 1976, and territory added to project areas by amendment adopted on or after January 1, 1976, are subject to housing production requirements which ensure that a specified percentage of new or rehabilitated housing is available at affordable housing costs to low- and moderate-income households.

The basic Project Area Housing Production Requirement has two components (1) one for housing produced directly by a redevelopment agency and (2) the other for all other housing produced in a project area.

Agency-Produced Housing

The Health and Safety Code requires that at least thirty (30%) percent of all dwelling units actually developed by a redevelopment agency shall be available at affordable housing cost to persons and families of low- or moderate-income, and not less than fifty (50%) percent of those units shall be available at affordable housing to very low-income households. To illustrate an agency's inclusionary requirement in terms of numbers, of every one hundred (100) dwelling units developed by an agency, thirty (30) shall be affordable, with fifteen (15) affordable to persons of low- or moderate-income, and fifteen (15) available to persons of very low-income.

All Other Project Area Production

In addition, the Health & Safety Code requires that at least fifteen (15%) percent of all dwelling units developed within a project area by public or private entities or persons other than the redevelopment agency, including those developed pursuant to a written agreement with the agency, shall be available at affordable housing cost to persons and families of low- or moderate-income, and not less than forty (40%) percent of the affordable units shall be available at affordable housing cost to very low-income households. To illustrate the inclusionary rule in terms of numbers, of every one hundred (100) dwelling units developed or rehabilitated by entities other than the agency, fifteen (15) shall be affordable, with nine (9) affordable to persons of low- or moderate-income, and six (6) available to persons of very low-income.

Affordability Requirements

The affordability requirements for low- and moderate-income housing developed pursuant to project area housing production are generally the same as those described for housing assisted with Housing Fund moneys. Special income limits apply, however, to the portion of housing for very low-income households. Housing for very low-income households must be affordable to

persons and households whose incomes are at or below the limit established by the United States Department of Housing and Urban Development for such households under the Section 8 program. The Section 8 income limit for very low income households is generally 50% of area median income.

Duration and Enforcement of Affordability Requirements

Production housing must remain affordable for low- and moderate-income and very low income persons or households for the longest feasible time, but not less than the period of time that the land use controls of the redevelopment plan remain in effect. Changes adopted as part of AB 1290 make it unclear what would be considered the minimum period of time for affordability requirements. Under AB 1290, redevelopment plans must have time limits for incurring debt, expiration of the plan/completion of redevelopment activities, and collecting tax increment revenues, rather than to land use controls. A reasonable conclusion would be to require affordability controls on replacement housing to have a minimum term that runs to the expiration date of the plan/completion.

The affordability controls on such units must be made enforceable by recorded covenants or restrictions in the same manner as required for Housing Fund-assisted units.

Application of Requirements in the Aggregate

The production housing requirements apply to the aggregate of all housing in the project area. Amendments to this requirement in 1991 require that the agency's housing production requirement be met every ten years. Previously, the agency only had to meet this obligation over the life of the redevelopment.

Revisions to the Inclusionary Rule

The rigid project area housing production requirements of current law often run counter to the competing state policy of using redevelopment to obtain as many affordable housing units for the community's housing stock as possible. For instance, it is sometimes more cost effective to build affordable housing units outside a project area than inside, or to purchase affordability restrictions on existing market-rate units than to build new units. However, the current project area production requirement forces agencies into more costly expenditures for development of new housing inside a project area with the result that fewer affordable units can be provided with the available agency resources.

Through AB 1290, an effort has been made to provide a moderate degree of flexibility to enable agencies to promote more cost effective affordable housing production while retaining a focus on affordable housing within project areas. Under AB 1290, this additional flexibility will be in effect only during 1994, 1995, and 1996, unless the Legislature subsequently extends such effectiveness. At the end of the effective period of the AB 1290 revisions, current law regarding project area affordable housing production obligations will be reinstated. This short period of time in which a separate set of somewhat more flexible rules applies

may itself cause administrative and legal interpretation problems for agencies trying to understand and implement this complex law. We are hopeful that the Legislature and housing advocacy groups will become comfortable that the AB 1290 revisions will produce a balance between various affordable housing objectives so that such revisions will be permanently extended. A permanent extension would avoid the confusion that would likely result if agencies were required to return to the pre-AB 1290 production provisions in 1997.

Following is a synopsis of the major revisions to the project area housing production requirement that will be in effect for at least the next three years pursuant to AB 1290:

Definition of Substantial Rehabilitation

Current law does not specify what level of housing "rehabilitation" triggers the project area inclusionary obligation, although practitioners have generally concluded that some concept of substantial rehabilitation is inherent in the meaning of this term. AB 1290 specifies that the inclusionary obligation only arises when multifamily rental dwelling units with three or more units are substantially rehabilitated, or when single-family dwelling units with one or two units are substantially rehabilitated using agency assistance. Under AB 1290, "substantial rehabilitation" means rehabilitation, the value of which constitutes at least twenty-five percent of the after rehabilitation value of the dwelling, inclusive of the land value. This revision should simplify the task of monitoring and planning an agency's project area housing production program by providing a much clearer objective standard of what types of rehabilitation trigger an agency inclusionary obligation.

Housing Outside Project Area

AB 1290 permits an agency to count units that are made available at affordable housing cost outside a project area toward the agency's project area housing production requirement, on a two-for-one basis: that is, two affordable units created outside a project area will count the same toward the inclusionary obligation as one unit created inside the project area. This revision gives some flexibility to direct agency resources to more cost effective locations outside a project area in certain circumstances.

Aggregation Among Project Areas

Current law requires an agency's affordable housing production responsibility to be fulfilled on a project area-by-project area basis. AB 1290 enables an agency to meet its obligation in the aggregate among designated project areas if the agency finds, based on substantial evidence after a public hearing, that such aggregation will not cause or exacerbate racial, ethnic, or economic segregation.

Price-Restricted Units

AB 1290 permits an agency to accomplish portions of its project area affordable housing obligation through the acquisition (by purchase or regulation) of long-term affordability restrictions on existing multifamily units that either are not presently available at affordable housing cost to low and very low income households, or are units that are presently available at affordable housing cost to low or very low income households, but that the agency finds, based on substantial evidence after a public hearing, cannot reasonably be expected to remain affordable. Such long-term affordability covenants must be recorded against the property and remain in effect for the longest feasible time, but in no event for less than the longer of (a) thirty years, or (b) the duration of the land use controls of the redevelopment plan.

At least 50% of the existing multifamily units for which an agency acquires long-term affordability covenants in satisfaction of the project area affordable housing obligation must be made available at affordable housing cost to very low income households.

Single Family Units

Because units used by an agency to meet its project area inclusionary requirement must be restricted to affordable housing cost for at least the duration of the land use controls of the plan, it is often very difficult to include owner-occupied dwellings in the inclusionary program. Owner occupants are often resistant to such long-term price controls. AB 1290 provides a limited exception that would allow an owner-occupied unit to be counted toward the project area affordable housing production requirement even if the unit is sold at a price exceeding an affordable price before the expiration of the land use controls of the redevelopment plan. The AB 1290 exception requires that, for any unit sold over an affordable price, the agency must within three years expend funds to make affordable another unit at the same income level as the original unit. If Housing Fund money is used for this purpose the agency must also adopt a program which protects the agency's investment of funds, such as equity sharing between the owner and the agency (this requirement is already in the current law and is reiterated in AB 1290).

Housing Production Plan

Legislation enacted in 1991 (AB 315) and subsequently amended by AB 1290 and SB 732 requires the Agency, as part of the implementation plan, to adopt a plan for each project area showing how the Agency intends to meet its housing production requirement. This plan must be consistent with the community's housing element, must be reviewed and, if necessary, amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle. The plan must ensure that the housing production requirements are met every 10 (ten) years.

The Agency's housing production plan must contain:

- 1) estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project area, both over the life of the plan and during the next 10 years;
- 2) estimates of the number of units for very low-, low- and moderate-income households required to be developed within one or more project areas in order to meet the housing production requirements of dwelling units developed by public or private entities or persons other than the redevelopment agency, both over the life of the plan and during the next 10 years;
- 3) the number of units for very low-, low and moderate-income households which have been developed by public or private entities or persons other than the redevelopment agency within one or more project areas which meet the affordability provisions for housing production;
- 4) estimates of the number of Agency developed residential units which will be developed during the next five years, if any, within one or more project areas; and
- 5) estimates of the number of agency developed units for very low-, low- and moderate-income households which will be developed by the Agency during the next five years that meet the affordability provisions for housing production.

Article 34 of the California Constitution

Article XXXIV of the California Constitution ("Article 34") requires that voter approval be obtained before any "state public body" develops, constructs or acquires a "low rent housing project." Article 34 raises a number of issues, addressed below, regarding a redevelopment agency's participation in the development of low- and moderate-income housing.

Applicability of Article 34 to Redevelopment Agencies

A redevelopment agency is a "state public body" for purposes of Article 34. As a result, if a redevelopment agency participates in development of a "low rent housing project" and that participation rises to the level of development, construction or acquisition of the project by the agency, approval by the electorate pursuant to Article 34 is required for the project.

Definition of "Low Rent Housing Project"

Not all low-and moderate-income housing is a "low rent housing project." Statutory and case law permits development of many kinds of low-and moderate-income housing that will not be characterized as a "low rent housing project", and thus will not require Article 34 voter authorization. The legislation specifically exempts each of the following types of developments from the requirement of voter approval:

- a) privately owned housing which is not exempt from property taxation or is exempt from property taxation pursuant to the provisions of Revenue and Taxation Code and in which not more than 49% of the units are occupied by low-income persons;
- b) privately owned housing which is not exempt from property taxation by reason of any public ownership and is not financed with direct long-term financing from a public body;
- c) housing that is intended for owner-occupancy (which may include cooperative or condominium ownership) rather than rental occupancy;
- d) housing consisting of newly constructed, privately owned, one-to-four family dwellings not located on adjoining sites;
- e) housing that consists of existing units leased by a state public body from a private owner;
- f) rehabilitation, reconstruction or replacement of an existing low rent housing project, or a project previously or currently occupied by lower-income households; and
- g) acquisition, rehabilitation, reconstruction or improvement of a low rent housing development subject to a contract for federal or state public body assistance for the purpose of provide affordable housing if the development maintains or enters into a contract for federal or state public body assistance for the purpose of providing affordable housing.

Definition of "Develop, Construct or Acquire"

If a redevelopment agency were to construct housing directly, of course, its action would constitute development, construction, or acquisition. In addition, if an agency loans money for a project and loan is conditioned on typical government agency requirements such as review and approval of plans, project financing operation and maintenance standards and occupancy, the agency will generally be deemed to have developed or constructed the project.

The Legislature has undertaken to define specific exclusions from the meaning of "develop, construct or acquire," although the California Supreme Court has not ruled on the validity of those sections. Pursuant to such legislation, the words "develop, construct or acquire" do not apply if the agency's activity is limited to any of the following:

- a) the agency provides financing secured by a deed of trust, or obtains title temporarily through foreclosure or a deed in lieu with the intent to resell to a private owner;
- b) the agency acquires land or makes improvements to land which it anticipates will be ground leased to a private owner prior to its development so long as:
 - 1) The land and improvements are not exempt from property taxation by reason of public ownership for more than five years after agency acquisition; or

- 2) after five years the agency fully reimburses the affected taxing entities;
- c) the agency leases units from a private owner provided that the lease does not result in a decrease of property tax;
- d) the agency provides assistance to a private owner or occupant of existing housing which enables the occupant to live in decent, safe and sanitary housing at a rent he or she can afford;
- e) the agency provides assistance to a development prior to its becoming a low rent housing project without intending or expecting that the development will become a low rent housing project;
- f) the agency provides assistance and monitors construction and compliance with the conditions of assistance to the extent of:
 - 1) carrying out routine governmental functions;
 - 2) performing conventional activities of a lender; or
 - 3) imposing constitutionally mandated or statutory authorized conditions accepted by the recipient of the assistance.

Chapter II

Background Information, Blight Conditions and Goals & Objectives

City of Stanton and Stanton Redevelopment Agency

Section 1 The City of Stanton

The City of Stanton was incorporated in 1956 with 1,500 residents and a little less than one square mile of area. Population growth was rapid during the 1960's and 1970's, as all of North Orange County was undergoing a population boom at the time. By 1980, the population stood at 23,923, and the area of the city had increased to about three (3) square miles. According to the 1990 Census, the City's current population is 30,491. Stanton is bordered by the cities of Anaheim, Cypress, and Garden Grove and by several small unincorporated County "islands".

Stanton is a built-out community with less than one percent (1%) vacant land (approximately eleven (11) acres) and a relatively high concentration of apartments and mobile home parks, with commercial development largely concentrated along major arterial highways.

Section 2 The Stanton Redevelopment Agency

A. *Introduction*

The Stanton Redevelopment Agency was activated in 1979 by Ordinance No. 521. The Agency consists of five members who also serve as the Stanton City Council. The Agency is empowered to prepare and implement plans for the improvement, rehabilitation and redevelopment of blighted areas within the limits of the City of Stanton.

B. *Community Development Project Area*

The original Community Development Project Area was adopted by Ordinance No. 582 on December 13, 1983 and was comprised of about 200 acres generally fronting on the Beach Boulevard corridor, described as the commercial industrial core of the City.

C. *Amendment No. 1*

Amendment No. 1 adopted by Ordinance No. 653, on June 14, 1987, includes property along Beach Boulevard, not included in the original project area and other properties along the railroad tracks and Western Avenue.

D. *Amendment No. 2*

The last amendment was adopted by Ordinance No. 733, on July 14, 1992, incorporated many of the remaining properties on Beach Boulevard not included in the two (2) previous project areas and includes a large portion of the Dale Street and Cerritos Avenue area.

The purpose of the formation of this project area is to eliminate blighting influences, including deteriorating buildings, incompatible and uneconomic land uses, obsolete structures, and other environmental, economic and social deficiencies; improve the overall appearance of existing buildings, streets, parking areas and other facilities, public and private; and assure that all buildings, new and old, are safe for persons and businesses to occupy.

E. *Redevelopment Plan Statutory Maximum Time Limits*

The statutory maximum time limits pursuant to AB 1290 for the original project area and each amendment are indicated in Table 1, Table 2 and Table 3 as follows:

COMMUNITY DEVELOPMENT PROJECT AREA

ADOPTED: DECEMBER 13, 1993

PLAN LIMITS

LIMITATION	PRIOR LAW	NEW STATUTORY LIMIT	ABILITY TO EXTEND INCREASE LIMIT	COMMENTS
INCUR DEBT	Must Establish Time Limit or Deadline on Incurring Debt.	Twenty (20) years from adoption of plan or January 1, 2004, whichever is later. Agency cannot incur debt after January 1, 2004.	May extend limit for up to 10 years from earlier of: 1) new statutory limit established; or 2) plan termination date if necessary to eliminate substantial remaining blight. May extend limit to January 1, 2014.	Does not apply to debts incurred and paid from Housing Fund or to meet housing obligations. Extension of this limit may trigger statutory pass-through payments.
REDEVELOPMENT ACTIVITIES (EFFECTIVENESS OF PLAN)	No Limit Required	Forty (40) years from adoption of plan or January 1, 2009, whichever is later. Time Limit on Redevelopment Plan Activities is December 13, 2023.	None	Can be extended to carry out replacement housing obligation or to allow full expenditure of Housing Fund.
PAY INDEBTEDNESS/ RECEIVE INCREMENT	No Limit Required	No later than 10 years after limit on redevelopment activities. Agency cannot pay indebtedness or receive tax increment after December 13, 2033.	None	Can be extended to pay debt incurred prior to January 1, 1994. Can be extended to carry out replacement housing obligation or to fund authorized Housing Fund deficit.
AMOUNT OF TAX INCREMENT RECEIVABLE	Must Establish Limit Of Any Dollar Amount	No Change	Increases permitted if necessary to eliminate significant remaining blight.	Can be increased if necessary to fund authorized Housing Fund deficit. May trigger statutory pass-through payments.
COMMENCE EMINENT DOMAIN PROCEEDINGS	No Later Than 12 Years From Adoption of Plan or Plan Amendment.	No Change	Extensions Permitted	Time Limit on Redevelopment Activities also Operates as Limit on Eminent Domain

Table 1 - Community Development Redevelopment Plan Time Limits

COMMUNITY DEVELOPMENT PROJECT AREA, AMENDMENT NO. 1

ADOPTED: JULY 14, 1987

PLAN LIMITS

LIMITATION	PRIOR LAW	NEW STATUTORY LIMIT	ABILITY TO EXTEND INCREASE LIMIT	COMMENTS
INCUR DEBT	Must Establish Time Limit or Deadline on Incurring Debt.	Twenty (20) years from adoption of plan or January 1, 2004, whichever is later. Agency cannot incur debt after July 14, 2007.	May extend limit for up to 10 years from earlier of: 1) new statutory limit established; or 2) plan termination date if necessary to eliminate substantial remaining blight. May extend limit to July 14, 2017.	Does not apply to debts incurred and paid from Housing Fund or to meet housing obligations. Extension of this limit may trigger statutory pass-through payments.
REDEVELOPMENT ACTIVITIES (EFFECTIVENESS OF PLAN)	No Limit Required	Forty (40) years from adoption of plan or January 1, 2009, whichever is later. Time Limit on Redevelopment Plan Activities is July 14, 2027.	None	Can be extended to carry out replacement housing obligation or to allow full expenditure of Housing Fund.
PAY INDEBTEDNESS/ RECEIVE INCREMENT	No Limit Required	No later than 10 years after limit on redevelopment activities. Agency cannot pay indebtedness or receive tax increment after July 14, 2037.	None	Can be extended to pay debt incurred prior to January 1, 1994. Can be extended to carry out replacement housing obligation or to fund authorized Housing Fund deficit.
AMOUNT OF TAX INCREMENT RECEIVABLE	Must Establish Limit Of Any Dollar Amount	No Change	Increases permitted if necessary to eliminate significant remaining blight.	Can be increased if necessary to fund authorized Housing Fund deficit. May trigger statutory pass-through payments.
COMMENCE EMINENT DOMAIN PROCEEDINGS	No Later Than 12 Years From Adoption of Plan or Plan Amendment.	No Change	Extensions Permitted	Time Limit on Redevelopment Activities also Operates as Limit on Eminent Domain

Table 2 - Community Development Redevelopment Plan, Amendment No. 1, Time Limits

COMMUNITY DEVELOPMENT PROJECT AREA, AMENDMENT NO. 2

ADOPTED: JULY 14, 1992

PLAN LIMITS

LIMITATION	PRIOR LAW	NEW STATUTORY LIMIT	ABILITY TO EXTEND INCREASE LIMIT	COMMENTS
INCUR DEBT	Must Establish Time Limit or Deadline on Incurring Debt.	Twenty (20) years from adoption of plan or January 1, 2004, whichever is later. Agency cannot incur debt after July 14, 2012	May extend limit for up to 10 years from earlier of: 1) new statutory limit established; or 2) plan termination date if necessary to eliminate substantial remaining blight. May extend limit to July 14, 2022.	Does not apply to debts incurred and paid from Housing Fund or to meet housing obligations. Extension of this limit may trigger statutory pass-through payments.
REDEVELOPMENT ACTIVITIES (EFFECTIVENESS OF PLAN)	No Limit Required	Forty (40) years from adoption of plan or January 1, 2009, whichever is later. Time Limit on Redevelopment Plan Activities is July 14, 2032.	None	Can be extended to carry out replacement housing obligation or to allow full expenditure of Housing Fund.
PAY INDEBTEDNESS/ RECEIVE INCREMENT	No Limit Required	No later than 10 years after limit on redevelopment activities. Agency cannot pay indebtedness or receive tax increment after July 14, 2042.	None	Can be extended to pay debt incurred prior to January 1, 1994. Can be extended to carry out replacement housing obligation or to fund authorized Housing Fund deficit.
AMOUNT OF TAX INCREMENT RECEIVABLE	Must Establish Limit Of Any Dollar Amount	No Change	Increases permitted if necessary to eliminate significant remaining blight.	Can be increased if necessary to fund authorized Housing Fund deficit. May trigger statutory pass-through payments.
COMMENCE EMINENT DOMAIN PROCEEDINGS	No Later Than 12 Years From Adoption of Plan or Plan Amendment.	No Change	Extensions Permitted	Time Limit on Redevelopment Activities also Operates as Limit on Eminent Domain

Table 3 - Community Development Redevelopment Plan, Amendment No. 2, Time Limits

Section 3 Identification of Blighting Conditions

The CRL contains a number of provisions that require the Agency and its legislative body to implement its redevelopment plans in a manner that will eliminate blight. AB 1290 substantially changed the definition of blight which can be used for project areas adopted on or after January 1, 1994. The Stanton Redevelopment Agency's Community Development Project Area was adopted prior to the effective date of AB 1290 and qualify under the previous definitions of blight. For purposes of this plan, the Agency will rely upon the AB 1290 blighted conditions for the Project Area and added areas. Because a primary purpose of this implementation plan is to link the actions of the Agency to the elimination of blight, these sections are being presented in their entirety, rather than being incorporated by reference.

A. *Definition of Blight*

According to Section 33030 of the CRL, a blighted area is one that contains both of the following:

- 1) "An area that is predominantly urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment."
- 2) An area that is characterized by either of the following:
 - a) One or more conditions set forth in any paragraph of subdivision (1) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.
 - b) The condition described in paragraph (4) of subdivision (a) of Section 33031."

A blighted area also may be one that contains the conditions described in subdivision (b) of Section 33031 and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.

Section 33031 of the CRL then describes the conditions that cause blight:

Physical

- 1) "Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations,

dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.

- 2) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
- 3) Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of Project Area.
- 4) The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.”

Economic

- 1) “Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of Agency authority as specified in Article 12.5 (commencing with Section 33459).
- 2) Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
- 3) A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- 4) Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, that has led to problems of public safety and welfare.
- 5) A high crime rate that constitutes a serious threat to the public safety and welfare.”

While blight is an essential ingredient in properly identifying redevelopment areas, it is not necessary for every property to be blighted in order to qualify for inclusion in a redevelopment project area. Section 33321 of the Health and Safety Code addresses this issue and says (in pertinent part):

“A project area need not be restricted to buildings, improvements, or lands which are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and affect the entire area. The project area [or Amendment Area] may include lands, buildings, or improvements which are not detrimental to the public health, safety or welfare, but whose inclusion is found necessary for the effective redevelopment of the area of which they are a part.”

B. Existing Blight in the Community Development Project Area and Amendments

Depreciated Values, Impaired Investments, and Social and Economic Maladjustment

The existence of depreciated values and impaired investments is evident in the Project Area where the occurrence of deteriorated structures, vacant buildings and underutilized land is found. Inadequate maintenance is evidence of either the inadequacy of property owner's resources to prevent deterioration, or of owners' unwillingness to commit available resources to maintenance activities.

The problems of faulty spacing in the Project Area are also indicative of economic maladjustment. The functional obsolescence and poor layout of some commercial uses in the Project Area reveal a potential lack of adequate resources to remodel such facilities to meet current needs. In addition, the blighting influence of poorly-maintained buildings in the general area also tends to reduce the incentive to expend financial resources on improvements to remedy these needs.

Economic maladjustment and impaired investments are evidenced by the existence of vacant commercial areas in the Project Area. Vacant and/or underutilized buildings provide little or no economic return for the property owner, and serve no positive purpose for the City. On the contrary, the presence of vacant or abandoned buildings are a serious hazard to the community because they are greater targets for vandalism and arson.

Deterioration, Obsolescence, Mixed Character & Shifting of Uses

Throughout the Project Area, the need for building maintenance is prevalent. In addition to the deterioration of structures, portions of the Project Area suffer from an incompatible land use mix and the shifting of uses.

Faulty Exterior Spacing

Inadequate or faulty exterior spacing of land uses in the Project Area are primarily the result of poor site planning, parking layout, ingress and egress, internal traffic circulation and/or the interface of incompatible land uses.

Irregular Parcelization

Irregular parcels exist in the Project Area in the form of landlocked parcels or parcels with inadequate access or visibility and, small or unusual parcel configurations.

Chapter III

Tax Increment Projections and Excess Surplus Report

Fiscal Analysis

Section 1 Tax Increment Projections

A. *Introduction*

The Agency has undertaken a fiscal analysis to assure that the Implementation Plan is developed within the context of the Agency's redevelopment needs, new, current and past programs, and current and prospective revenue resources available for redevelopment. This analysis is summarized in a five-year series of annual cash flow projections for the project area and the Housing Fund. Key assumptions include 1) an analysis of projected net tax increment available for redevelopment projects; 2) a listing of debt service requirements and funding for current programs; and 3) other revenue sources and expenses.

It is important to recognize that the fiscal analysis does not reflect a detailed fund projection based on a detailed examination of each revenue source and program expenditure, but rather provides a general estimate of the magnitude of revenues and expenditures for Agency planning purposes.

B. *Estimated Cash Flow in the Community Development Project Area and Amendments*

Tax Increment Projections

Table 4 illustrates the five-year cash flow for the Community Development Project Area and Amendments. A four percent (4%) annual increase in assessed value and tax increment is assumed for the original Project Area and Amendment No. 1; and, a two (2) percent annual increase in assessed value and tax increment is assumed for Amendment No. 2.

Debt Service & Expenditures for Current Programs

Debt service payments reflect redevelopment activities and expenditures undertaken by the Agency to date and are as follows:

Loans from the City

The Agency has \$1,307,570 in outstanding loans from the City. Currently, the Agency is paying the City interest only on the loans.

1987 Tax Allocation Bond

Debt service payment for the 1987 Tax Allocation Bond is based on a schedule provided by the City of Stanton.

Tax-Sharing Agreements

County of Orange, Orange County Flood Control District and the Orange County Harbors, Beaches and Parks District

The Agency has entered into tax-sharing agreements with the County of Orange, the Orange County Flood Control District, the Orange County Harbors, Beaches and Parks District, providing for the payment of tax increment revenues from both the Original Area, Amendment No. 1 and Amendment No. 2 Areas as follows:

COUNTY TAXING ENTITY	ORIGINAL AREA	AMENDMENT NO. 1 AREA	AMENDMENT NO. 2 AREA
ORANGE COUNTY GENERAL	10.13%	10.13%	10.97% ¹
ORANGE COUNTY FLOOD CONTROL DISTRICT	2.50	2.50	2.49
ORANGE COUNTY LIBRARY FUND	2.16	1.87	2.40 ²
ORANGE COUNTY HARBORS, BEACHES AND PARKS DISTRICT	1.21	1.05	1.22 ³
TOTAL PERCENTAGE	16.00%	15.55%	17.08%

Source: Official Statement, Tax Allocation Refunding Bonds, Series 1993

The amounts due under the agreements for the Original Area and Amendment No. 1 are subordinated to the payments required to be made to the Low and Moderate Income Housing Fund and to annual debt service payments on bonded indebtedness, including the Bonds. Amounts not paid in any year are required to be made up in subsequent years.

Orange County Water District

The Agency is required to pay the portion (0.37294 % in the Original Area, 0.83 % in the Amendment No. 1 Area and .7182 % in the Amendment No. 2 Area) of the tax increment revenues resulting from the 1 % general levy which the Orange County

¹Commencing in Fiscal Year 1997-98

²Ibid.

³Ibid.

Water District would have received if the Redevelopment Plan had not been adopted. With respect to the Amendment No. 1 and Amendment No. 2 Areas, if the Agency sets aside 20% of the tax increment revenues from the Added Area into the Low and Moderate Income Housing Fund, the Agency is required only to pay Orange County Water District 80% of its portion of tax increment revenues.

Anaheim Union High School District

For the Original Area, the Agency is required to pay the District only the portion of the Original Area tax increment revenue attributable to an increase in the rate of tax for the purpose of repaying voter-approved District indebtedness. For the Amendment No. 2 Area, the Agency shall pay to the District 30% of its share (12.0427%) of tax increment revenue generated by Amendment No. 2.

County Sanitation District No. 3

For the Amendment No. 2 Area, the Agency is required to pay the District 80 % of its share (3.4697%) of tax increment revenue generated by Amendment No. 2.

Coast Community College District

For the Amendment No. 2 Area, the Agency is required to pay the District 100% of its share (6.122%) of tax increment revenue generated by a 2% annual increase in assessed valuation, and 35% of 80% of its share of tax increment revenue generated by annual assessed valuation increases in excess of 2%.

North Orange County Community College District

For the Amendment No. 2 Area, the Agency is required to pay the District 100% of its share (5.7867%) of tax increment revenue Generated by a 2% annual increase in assessed valuation, and 35% of 80% of its share of tax increment revenue generated by annual assessed valuation increases in excess of 2%.

Orange County Superintendent of Schools

For the Amendment No. 2 Area, the Agency is required to pay the District 100% of its share (2.9373%) of tax increment revenue generated by a 2% annual increase in assessed valuation, and 35% of 80% of its share of tax increment revenue generated by annual assessed valuation increases in excess of 2%.

Savannah School District

For the Amendment No. 2 Area, the Agency is required to pay the District 100% of its share (3.0915 %) of tax increment revenue generated by a 2% annual increase in assessed valuation.

Magnolia School District

For the Amendment No. 2 Area, the Agency is required to pay the District 100% of its share (22.0463%) of tax increment revenue from Amendment No. 2.

Garden Grove Unified School District

For the Amendment No. 2 Area, the Agency shall pay the District 100% of its share (9.4103%) of tax increment revenue generated by a 2% annual increase in assessed valuation, and 40% of its share of tax increment revenue generated by annual assessed valuation increases in excess of 2%.

Under the law a taxing entity may require the allocation be paid to it of its share of the taxes attributable to the 2% increase in assessed valuation permitted by Article XIII A of the State Constitution. The projections of the Agency's tax increment revenues reflect action by the Metropolitan Water District of Southern California to require that allocation.

Developer Agreements

The Agency entered into a disposition and development agreement for the development of a commercial-retail project containing an 81,071 square foot Smith's Food King and approximately 22,450 square feet of shop space, together with parking, landscaping and related on- and off-site improvements. The Agency agreed to pay the tax increment revenues generated from the site in fiscal year 1993/94 and to pay up to \$35,000 from such revenues during the next two fiscal years.

The Agency entered into an owner participation agreement in 1987 for the development of a retail center consisting of a minimum of 110,000 square feet of total floor area, which includes Home Base, and agreed to pay the related tax increment revenues for the 15 fiscal years ending 2002/03. The Agency has paid over tax increment revenue in the amount of \$58,994 since fiscal year 1988/89.

Other Revenues and Expenses

Other Revenues

No other revenues are anticipated to be generated by this Project Area.

Administration

Administration costs are based on the current 1994/95 budget amount of \$662,210 in total administration expenses. For future years, GRC has assumed a two percent (2%) increase each year in administration expenses.

Education Revenue Augmentation Fund (ERAF)

Education Revenue Augmentation Fund (ERAF) payments to the State under the provisions of ERAF were estimated at \$85,000 in the Agency's 1994/95 budget. GRC has assumed a four percent (4%) increase each year in ERAF payments.

Table 4 - Estimated Cash Flow for Community Development Project and Amendments (\$000)

	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99
Sources:					
BEGINNING FUND BALANCES	\$ 770.	\$ 45.	(\$ 386.)	(\$ 783.)	(\$1,162)
REVENUE:					
TAX INCREMENT ⁴	1,346.	1,400.	1,456.	1,514	1,575.
INTEREST ⁵	23.	1.	0	0	0
PROCEEDS OF DEBT	0	0	0	0	0
TOTAL REVENUES	2,139.	1,446	1,070.	731.	413.
Uses:					
DEBT SERVICE:					
BOND DEBT SERVICE ⁶	423.	423.	423.	423.	426.
DEVELOPER AGREEMENTS	77.	77.	59.	59.	59.
CITY LOAN INTEREST ⁷	51.	51.	51.	51.	51.
ERAF	85.	88.	92.	96.	100.
PASS THROUGH AGREEMENTS ⁸	229.	238.	248.	258.	268.
HOUSING SETASIDE ⁹	269.	280.	291.	303.	315.
CAPITAL EXPENDITURES ¹⁰	298.	0	0	0	0
OPERATING EXPENDITURES ¹¹	662.	675.	689.	703.	717.
TOTAL EXPENDITURES	2,094	1,832	1,853.	1,893.	1,936
FUND BALANCE	45.	(386.)	(783.)	(1,162.)	(1,523.)
POTENTIAL PROGRAMS	0	0	0	0	0
ENDING FUND BALANCE	45.	(386.)	(783.)	(1,162.)	(1,523.)

Source: City of Stanton and GRC-Copenhaver, Inc.

⁴Four (4%) percent annual growth per year in original Project Area and Amendment No. 1; and, 2% annual growth per year in Amendment No. 2.

⁵Three (3%) percent annual interest rate on fund balance.

⁶Based on information received from the City of Stanton.

⁷Ibid.

⁸Tax Share Agreement for Original (0.1637) of Gross + Amendment No. 1 (0.1621) of Gross + Amendment No. 2 (0.3905) of Gross.

⁹Two (2%) percent growth per year.

¹⁰Capital Expenditures include a Commercial Rehab Loan Program and Civic Center Improvements.

¹¹Two (2%) percent increase per year.

Section 2

Housing Fund Analysis

As part of the housing strategy process, the Agency has identified current and projected future Housing Fund balances, including deposits, deferrals and excess surplus. This fiscal analysis entails an evaluation of financial resources administered or controlled by the Agency which can be used to fund its affordable housing activities. In addition, the CRL requires that the amount available in the Housing Fund and the estimated amounts which will be deposited in the Housing Fund during each of the next five years be identified in this plan. Table 5 indicates the Housing Fund cash flow over the next five years and includes potential new programs for Fiscal Year 1995-96 through Fiscal Year 1998-99.

Table 5 - Estimated Housing Fund Cash Flow with Existing Program and Potential New Programs (\$000)

	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99
Sources:					
BEGINNING FUND BALANCES	\$1,684.	1,474.	1,061.	718.	373.
TRANSFERS IN:					
COMMUNITY DEVELOPMENT PROJECT AREA AND AMENDMENTS ¹²	315.	325.	334.	344.	355.
REVENUE:					
INTEREST ¹³	40.	46.	36.	28.	20.
OTHER	0	0	0	0	0
TOTAL REVENUES	2,039.	1,845.	1431.	1,090.	748.
Uses:					
HOUSING PROGRAMS ¹⁴	375.	0	0	0	0
OPERATING EXPENDITURES ¹⁵	190.	194.	198.	202.	206.
TOTAL EXPENDITURES	565.	194.	198.	202.	206.
FUND BALANCE	1,474.	1,061.	718.	373.	27.
POTENTIAL NEW PROGRAMS	0	590.	515.	515.	515.
ENDING FUND BALANCE	1,474.	1,061.	718.	373.	27.

Source: City of Stanton and GRC-Copenhaver, Inc.

¹²Two (2%) growth per year.

¹³Three (3%) percent annual interest rate on fund balance.

¹⁴Represents Senior Housing Project.

¹⁵Operating Expenditures are increased by Two percent (2%) per year.

Section 3 Excess Surplus Report

AB 1290 strengthened the sanctions for an agency's failure to spend an excess surplus in the Housing Fund in an effort to address the widespread perception that, collectively, redevelopment agencies are not spending their Housing Fund moneys quickly enough. Specifically, AB 1290 modified the definition of excess surplus, modified the time frame and means for encumbering an excess surplus to avoid penalties, and provided stronger penalties intended to encourage agencies to make timely expenditures of any excess surplus.

As redefined in AB 1290, an agency will have an excess surplus when the unexpended and unencumbered amount in the agency's Housing Fund exceeds the greater of \$1,000,000 or the total amount deposited in the Agency's Housing Fund during the preceding four years. AB 1290 makes clear that the first fiscal year to be included in determining whether an agency has an excess surplus is fiscal year 1989-90, and the first date on which an excess surplus may exist is July 1, 1994.

Table 6 illustrates the Agency's excess surplus calculation. For illustrative purposes, this calculation assumes that no new housing programs are funded. This calculation indicates that the Agency has an excess surplus as of July 1, 1994, and for each year thereafter.

Table 6 - Excess Surplus Calculation with Current Program Expenditure (\$'000)

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
A. Housing Fund Deposits						
89/90	\$323.					
90/91	337.	\$337.				
91/92	269.	269.	269.			
92/93	248.	248.	248.	248.		
93/94		525.	525.	525.	525.	
94/95			420.	420.	420.	420.
95/96				450.	450.	450.
96/97					470.	470.
97/98						490.
Total	1,177.	1,379.	1,462.	1,643.	1,865.	1,830.
B. Unencumbered Balance in Fund at Year-End	1,685.	2,066.	2,476.	2,907	3,357.	3,828.
C. Excess Surplus	685.	1,066.	1,476.	1,907	2,357	2,828.
D. Deadline & Funds that must be Expended/Encumbered				685.16	1,066.	1,476.

Source: City of Stanton and GRC-Copenhaver, Inc.

¹⁶January 1, 1997 is the deadline for 1993/94 excess surplus. In future years, the Agency has three years from the date of excess surplus calculation to encumber/expend the funds.

Chapter IV

Legislative Requirements, Goals & Objectives, Programs and Expenditures

Non-Housing Implementation Strategy

Section 1 Non-Housing Requirements

The legislative requirement for implementation plans reflect a strong concern that redevelopment activities should be connected with the blight that justified adoption of the redevelopment plan. It is implicit in the plan provisions of AB 1290 that the Agency cannot undertake an activity or project that is not contemplated by its implementation plan and that the linkage between plan implementation and blight elimination is made. For non-housing activities, the CRL requires the Agency to adopt an implementation plan that:

- 1) contains the specific goals and objectives of the Agency for each project area;
- 2) the specific programs including potential projects and estimated expenditures proposed to be made during the next five years;
- 3) an explanation of how the goals, objectives, the specific programs including potential projects and estimated expenditures will eliminate blight within each project area;
- 4) an explanation of how the goals, objectives, the specific programs including potential projects and estimated expenditures will implement the Agency's housing obligations pursuant to Community Redevelopment Law;

Section 2

Proposed Five-Year Goals and Objectives

The Stanton Redevelopment Agency proposes the following goals and objectives over the next five (5) years for its Community Development Project Area and Amendments.

Strengthen the Economic Base of the Project Area and the Community

- Encourage the cooperation and participation of property owners, public agencies, and community organizations in the elimination of blighting conditions and the development of the Project Area.
- Encourage development and redevelopment in the Project Area by the private sector.
- Remove economic impediments to land assembly and development in commercial, industrial and residential areas.
- Provide adequate parcels and required public improvements so as to encourage new construction by private enterprise, thereby providing the City of Stanton with an improved economic base.

Promote Affordable Housing

- Protect the health and general welfare of Project Area residents by rehabilitating and otherwise improving the supply of housing in the Project Area.
- Provide for new housing as required to satisfy the needs of the various age, income, and ethnic groups in the City, maximizing the opportunity for individual choice.

Stimulate Construction Activity and Increase Employment in the Commercial Sector of the Community

- Provide a mechanism for ensuring the long-term viability of the commercial portions of the Project Area by encouraging commercial rehabilitation and planned new commercial developments.
- Eliminate and prevent the spread of blight and deterioration and develop the Project Area in accordance with this Plan and the Annual Work Programs developed pursuant to Section 33080.1 or 33606 of the California Health and Safety Code.
- Provide a procedural and financial mechanism by which the Agency can assist, complement and coordinate public and private development, redevelopment, revitalization and enhancement of the community.

Improve Public Safety in the Project Area

- Provide new or improved public improvements and facilities, the absence or inadequacy of which are impediments to development as contemplated in the General Plan of the City.
- Provide adequate public improvements and public facilities, the absence of which cannot be remedied by private or governmental action without redevelopment.
- Provide construction and employment opportunities in the development of new facilities and by providing employment opportunities in the operation of new industrial and commercial facilities.

Facilitate a Higher Utilization of Property within the Project Area

- Establish development criteria and controls for the permitted uses within the Project Area in accordance with modern and competitive development practices, thus assuring the highest design standards and environmental quality.
- Achieve a physical environment reflecting a high level of concern for architectural and urban design principles deemed important by the community.

Section 3

Nexus Between Goals & Objectives to Blight Elimination

The legislative requirement for implementation planning reflects a strong concern that redevelopment activities should be connected with the elimination of the blight that justified adoption of the redevelopment plan. The implementation plan must show how the goals and objectives of each project area will assist in the elimination of blight.

Table 7 provides a matrix linking each of the project area goals and objectives to the alleviation of blight.

STANTON REDEVELOPMENT AGENCY
FIVE-YEAR IMPLEMENTATION PLAN
1995-1999
GOALS AND OBJECTIVES LINK TO BLIGHTING CONDITIONS MATRIX

COMMUNITY DEVELOPMENT PROJECT AND AMENDMENTS

GOALS & OBJECTIVES	PHYSICAL CONDITIONS				ECONOMIC CONDITIONS				INFRASTRUCTURE
	UNSAFE BUILDINGS	PHYSICALLY OBSOLETE	INCOMPATIBLE USES	IRREGULAR LOTS	LOW PROPERTY VALUES HAZARDOUS WASTE	ECONOMICALLY OBSOLETE	RESIDENTIAL OVERCROWDING	HIGH CRIME RATE	
STRENGTHEN ECONOMIC BASE OF PROJECT AREA & COMMUNITY	✓	✓	✓	✓	✓	✓		✓	
PROMOTE AFFORDABLE HOUSING	✓	✓			✓		✓		
STIMULATE CONSTRUCTION ACTIVITY & INCREASE EMPLOYMENT	✓	✓				✓			✓
IMPROVE PUBLIC SAFETY	✓				✓			✓	✓
FACILITATE A HIGHER UTILIZATION OF PROPERTY WITHIN PROJECT AREA	✓	✓	✓	✓	✓	✓		✓	

Table 7 - Community Development Project and Amendments, Nexus Between Goals & Objectives to Blight Elimination

Section 4

Proposed Agency Programs to Eliminate Blighting Conditions

Below is a general description of each of the Agency's non-housing programs proposed to alleviate the blighting conditions within each project area.

A. *Programs and Potential Projects*

Business Retention and Expansion Programs

Business assistance and expansion programs will be developed to assist property owners and businesses in the project area to improve seismic safety, upgrade the appearance of their property, expand their businesses, and locate businesses in the project area.

Capital Improvement Programs

A number of infrastructure projects have been identified within the project area which include major street reconstruction, storm drain and sewer improvements, water capacity improvements, streetscape and lighting improvements and public parking improvements.

Comprehensive Planning Programs

Comprehensive planning, redesign, replanning, development reconstruction or rehabilitation within the project area is planned which would facilitate a higher and better utilization of the lands within the project area.

New Business Attraction and Economic Enhancement Programs

The Agency's efforts to enhance the commercial/industrial sector of the City consist of a variety of programs designed to address the needs of Stanton's existing businesses and to attract new businesses. Some of these programs may include the development of an aggressive marketing campaign, an on-going program of business interviews, programs designed to address the issue of building which have become economically obsolete and a business expansion and retention program.

Commercial and Industrial Rehabilitation Programs

Development of commercial and industrial rehabilitation programs to provide a procedural and financial mechanism by which the Agency can assist private development, redevelopment, revitalization and enhancement of the community.

Affordable Housing Programs

Programs to increase and improve the supply of affordable housing will be continued. Please refer to Chapter V for a more detailed description.

B. Five-Year Estimated Expenditures

The five-year estimated expenditures for the specific programs including potential projects proposed to be made over the next five years for each project area are shown in Table 4.

Section 5

Nexus Between Proposed Programs and Expenditures to Blight Elimination

The CRL further specifies in its discussion of implementation plan requirements that the Agency expenditures be linked to the alleviation of the blighting conditions identified. Table 8 has been developed which details the Agency's proposed expenditures as they relate to the programs described above.

STANTON REDEVELOPMENT AGENCY
FIVE-YEAR IMPLEMENTATION PLAN
1995-1999

PROGRAMS LINK TO BLIGHTING CONDITIONS MATRIX

PROGRAMS & EXPENDITURES	PHYSICAL CONDITIONS				ECONOMIC CONDITIONS				INFRASTRUCTURE
	UNSAFE BUILDINGS	PHYSICALLY OBSOLETE	INCOMPATIBLE USES	IRREGULAR LOTS	LOW PROPERTY VALUES HAZARDOUS WASTE	ECONOMICALLY OBSOLETE	RESIDENTIAL OVERCROWDING	HIGH CRIME RATE	
BUSINESS RETENTION AND ASSISTANCE PROGRAMS	✓	✓	✓	✓	✓	✓		✓	✓
CAPITAL IMPROVEMENT PROGRAMS	✓	✓							✓
COMPREHENSIVE PLANNING PROGRAMS	✓	✓	✓	✓	✓	✓	✓	✓	✓
NEW BUSINESS ATTRACTION AND ECONOMIC DEVELOPMENT PROGRAMS		✓			✓	✓			
COMMERCIAL & INDUSTRIAL REHAB PROGRAMS	✓	✓			✓	✓		✓	✓
AFFORDABLE HOUSING PROGRAMS	✓	✓	✓	✓	✓	✓	✓	✓	

Table 8 - Nexus Between Proposed Programs and Expenditures to Blight Elimination

Chapter V

Goals & Objectives, Compliance Report, Affordable Housing Cost, Programs & Expenditures

Housing Strategy

Section 1 **Introduction**

This section of the Implementation Plan addresses the Agency's housing responsibilities and contains information addressing:

- the Agency's obligation to use twenty (20%) percent of tax increment to increase, improve and preserve the communities supply of low- and moderate-income housing (§33334.2);
- the requirement that assistance be targeted in at least the same proportion as the total number of housing units needed for very low- and low-income groups (§33334.4);
- the requirement that low and moderate income housing set aside is applicable to plans and amendments adopted prior to January 1, 1976 (§33334.6);
- if applicable, a section addressing agency-developed and project area housing and/or replacement housing requirements (§33413.0).

In addition, the section addressing the Housing Fund must contain:

- the amount available in the Low and Moderate Income Housing Fund and the estimated amounts which will be deposited in the Low and Moderate Income Housing Fund during each of the next five years; and
- a housing program with estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of the expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.

Section 2 Housing Goals & Objectives

The City of Stanton has established the following basic affordable housing goals to meet the community's housing needs.

1. The attainment of decent housing within a satisfying living environment for households of all socioeconomic, racial, and ethnic groups in Stanton.
2. The provision of a variety of housing opportunities by type, tenure, and cost for households of all sizes through the City.
3. The development of a balanced residential environment with access to employment opportunities, community facilities, and adequate services.

Section 3 Current Housing Programs

A. Community Development Block Grant Program

Housing Rehabilitation Program

The City of Stanton currently contracts with the Orange County Housing Authority (OCHA) for administration of the City's allocation of Housing & Community Development Block Grant funds for rehabilitation loans to qualified households.

Fair Housing Council

The City contracts with the Orange County Fair Housing Council to handle fair housing issues involving Stanton residents. Two hundred seventy (270) city residents per program year are provided counseling and advisory services.

Land & Improvement Subsidies

Affordable housing projects for low-income households are assisted by subsidizing the cost of the land or the site improvements through the use of Community Development Block Grant funds.

B. Orange County Housing Authority (OCHA)

Section 8 Certificates

Currently, Section 8 certificates or housing vouchers are provided to 263 households by the OCHA. Under this program, low income renters receive supplemental assistance for rent so that they can afford standard housing without becoming rent burdened. The City supports the Authority's efforts to maintain or increase the number of subsidized rental units in the City.

Orange County Housing Authority Financing

The City encourages rental housing developers to pursue OCHA financial assistance to support the provision of very-low-income units within market-rate apartment developments.

C. City of Stanton

Manufactured & Relocation of Existing Housing

The City encourages the provision of affordable housing by allowing manufactured housing (including mobile homes) in single family residential zones; and, encourages low cost housing by permitting the relocation into or within the City of existing residential structures.

First Time Homebuyers' Assistance Program

Through a Small Cities Grant, the City assists low- and moderate-income families purchase their first home by making available money for the down payment, secured by a second deed of trust. Loans are made at below-market rate interest, with deferred payments.

Density Bonus

The City offers developers willing to construct housing units affordable to lower income households a density bonus.

Condominium Conversion Ordinance

The City maintains and enforces the provisions of its condominium/stock cooperative conversion ordinance. This program maintains the rental status of one hundred percent (100%) of the estimated six thousand (6,000) existing apartment units in the City.

Code Enforcement

By enforcing the provisions of the Uniform Building Code pertaining to habitability, safety and occupancy limits, this program provides the means to conserve and improve the quality of the City's 10,305 housing units and assists in attaining the objectives of all of the housing programs.

D. Stanton Redevelopment Agency

Park Stanton Senior Apartments

Park Stanton is a 335-unit senior citizen residential project which is proposed to be built on property adjacent to the Stanton Civic Center in the Stanton Community Development Project. As the result of the participation of the Stanton Redevelopment Agency and Orange County Housing Authority, the units will be occupied by very low- and low-income elderly households.

Neighborhood Improvement Program

The Redevelopment Agency is developing, funding and implementing a neighborhood improvement program targeting residential areas in need of public improvements such as curbs, gutters, and sidewalks, and aesthetic improvements to private property such as painting and landscaping.

Section 4 Compliance with Housing Obligations

A. *Introduction*

This section will analyze the Agency's housing obligations to be addressed in this plan. This section will show how the separate Community Redevelopment Law planning provisions Agency's housing fund requirement, the replacement housing requirement and the project area housing production requirement can logically be synthesized and integrated into the community's overall housing element program to produce the affordable housing needs that will shape the programs, policies and timing of the Agency's overall housing efforts.

B. *Redevelopment Agency's Housing Obligations*

Replacement Housing Requirements

Whenever dwelling units housing persons and families of low- or moderate-income are destroyed or removed from the market as part of a redevelopment project subject to a written agreement with the Agency, the Agency must cause to be developed an equal number of replacement dwelling units within four (4) years from the date of destruction. Effective January 1, 1991, replacement dwelling units must have an equal or greater number of bedrooms as those removed units at affordable housing costs within the territorial jurisdiction of the Agency. For units removed after September 1, 1989, California law requires that seventy-five (75) percent of the replacement units be affordable to the same income groups that occupied the units removed.

Replacement housing must remain affordable for low- and moderate-income persons or households for the longest feasible time, but not less than the period of time that the land use controls of the redevelopment plan remain in effect. The affordability controls on such units must be made enforceable by recorded covenants or restrictions against the applicable parcel.

The Agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

- The total number of bedrooms in the replacement dwelling units equal or exceed the number of bedrooms in the destroyed or removed units.
- The replacement units are affordable to the same income level of households as the destroyed or removed units.

Destroyed or Removed Dwelling Units

The Stanton Redevelopment Agency has not destroyed or removed from the market dwelling units housing persons and families of low- or moderate-income as part of a project subject to a written agreement with the Agency or where financial assistance has been provided by the Agency.

Housing Production Analysis ("AB 315 Plan")

Legislation enacted in 1991 (AB 315) and subsequently amended by AB 1290 and SB 732 requires the Agency, as part of the implementation plan, to adopt a plan for each project area showing how the Agency intends to meet its housing production requirement. This plan must be consistent with the community's housing element, must be reviewed and, if necessary, amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle. The plan must ensure that the housing production requirements are met every 10 (ten) years.

The Agency's housing production plan must contain:

- 1) estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project area, both over the life of the plan and during the next 10 years;
- 2) estimates of the number of units for very low-, low- and moderate-income households required to be developed within one or more project areas in order to meet the housing production requirements of dwelling units developed by public or private entities or persons other than the redevelopment agency, both over the life of the plan and during the next 10 years;
- 3) the number of units for very low-, low and moderate-income households which have been developed by public or private entities or persons other than the redevelopment agency within one or more project areas which meet the affordability provisions for housing production;
- 4) estimates of the number of Agency developed residential units which will be developed during the next five years, if any, within one or more project areas; and
- 5) estimates of the number of agency developed units for very low-, low- and moderate-income households which will be developed by the Agency during the next five years that meet the affordability provisions for housing production.

Measurement of Past Production Performance

In the Agency's first production plan, the production estimates must take into account units produced to-date plus the number projected to be produced in the ten-year planning period. The method of determining the Agency's obligations for housing production that has already taken place in each project area is an approach which emphasizes a precise accounting of production. A careful review of building permit records was

performed to obtain the exact number of residential units constructed and rehabilitated within the project area. In addition, a review of the Agency files was conducted to establish the terms of any affordability controls previously placed on these units, if any. The following information describes the amount and type of housing production occurring in the project area.

Community Development Project and Amendments

Within the Community Development Project Area, the Amendment No. 1, and the Amendment No. 2, there has been no housing produced since the original Project Area was approved, Amendment No. 1 or Amendment No. 2. An existing housing development referred to as Village Center pulled permits for four hundred ninety-six (496) dwelling units prior to the adoption of the ordinance approving the original Community Development Redevelopment Plan.

Measurement of Production Obligation for Each Project Area Over the Life of Each Redevelopment Plan

The Agency's housing production plan must contain an analysis of the production obligation over the life of each redevelopment plan. According to the City's General Plan no residential units are planned within the Agency's Community Development Project Area and Amendment Areas.

Measurement of Production Obligation for Each Project Area Over the Next Ten Years

The Stanton Redevelopment Agency has no production obligation over the next ten years based on the City's General Plan designations for its project area.

C. Regional Housing Needs Assessment

The Housing Element for the City of Stanton contains an analysis of housing needs; a statement of qualified goals and policies; a set of implementation techniques; and an estimate of the number of housing units the City expects to be improved, maintained, and developed during the period from July 1989 to July 1994. The purpose of the Housing Element is to provide a documentation of housing needs and a schedule of programs the City will implement to satisfy the City's housing need. The Stanton Housing Element was certified by the State of California, Department of Housing and Community Development in 1990.

The Housing Element also provides a framework for achieving housing goals in an orderly fashion. This document acts as an expression of local commitment to the provision of decent and affordable housing for all existing groups residing in the City.

As mandated by State law, the Housing Element incorporates the Southern California Association of Governments (SCAG) 1988 Regional Housing Need Assessment (RHNA) estimates of existing and future housing needs (updated to July 1989). The following is an excerpt from the Housing Element as it relates to the RHNA analysis:

Table 9- RHNA Analysis

INCOME LEVEL	UNITS	PERCENTAGE OF TOTAL
VERY LOW	138	15%
LOW	193	20%
MODERATE	276	29%
UPPER	344	36%
TOTAL	951	100%

Source: City of Stanton, Housing Element, 1990

According to the 1990 Housing Element, Stanton has the potential to add approximately 882 new housing units of all types to the housing stock, with the overwhelming majority likely to be apartments and the remainder largely made up of condominiums with a few single-family residences (primarily in-fill). This number is derived by:

- Calculating the number of units that could be built on vacant residential parcels under its present density classifications.
- Assessing the development potential of presently under-developed medium- and high-density areas.
- Factoring in the possible density of presently non-residential properties that could be feasibly rezoned for high-density residential use and then estimating a potential density-bonus on top of that.
- Adding in already approved projects that have not yet been built.

These 882 units could be divided among the four income categories in the following manner:

Table 10 - Potential RHNA Achievement

INCOME LEVEL	UNITS	RHNA ACHIEVEMENT
VERY LOW	200	145%
LOW	268	139%
MODERATE	300	109%
UPPER	114	33%
TOTAL	882	93%

Source: City of Stanton, Housing Element, 1990

These proportions are predicated upon the assumption that 468 units are likely to result from density bonus approvals, which will require the developers to reserve them for very low- and low-income residents. The split between these two categories is based upon an extrapolation of the properties allocated in recently approved density bonus projects. The number of upper-income units is calculated by taking the percentage of households who earned over one hundred and twenty percent (120%) of the Orange County Median Income as reported in the 1980 Census. The

moderate-income number was derived simply by subtracting the other three categories from the total.

The following table indicates the actual RHNA achievement through June 1994. The units built and the units approved but not built are detailed in **Technical Appendix A, City of Stanton, Housing Production 1989-1994**.

Table 11- Actual RHNA Achievement

INCOME LEVEL	RHNA GOAL	TOTAL BUILT	TOTAL APPROVED NOT BUILT	TOTAL	DEFICIENCY
VERY LOW	200	7	33	40	(160)
LOWER	268	40	200	240	(28)
MODERATE	300	10	194	204	(96)
UPPER	114	1	0	1	(113)
TOTAL	882	58	427	485	(397)

Source: City of Stanton & GRC-Copenhaver, Inc.

Since the adoption of the Housing Element, the 1990 Census figures have been released. The figures relating to housing are as follows:

Table 12 - Housing Related Numbers

ITEM	YEAR			
	1970	1980	1989	1990
POPULATION GROWTH	18,750	23,723	28,353 ¹⁷	30,491
HOUSING UNIT GROWTH	5,458	8,900	10,654 ¹⁸	10,755 ¹⁹
PERSONS PER UNIT	3.47	2.38	2.68 ²⁰	2.92 ²¹

Source: 1990 Census & GRC-Copenhaver, Inc.

¹⁷California State Department of Finance

¹⁸Orange County

¹⁹1990 Federal Census

²⁰Orange County

²¹1990 Federal Census

Section 5 Site, Building & Housing Product

One action to be taken as part of developing a Housing Element is to identify and create adequate sites for housing in the City. In October, 1992, City staff conducted a survey of all vacant and underutilized residentially zoned parcels in the City which could be utilized to provide rehabilitated or newly constructed housing to meet housing needs and goals. The inventory is set forth in the **Technical Appendix B, Land Use Inventory Survey Summary**. This exhibit provides a summary table setting forth information on zoning, the number of existing units on each parcel and the number of units each parcel could yield if developed to allowable density. Also provided is a map illustrating the location of each parcel and detailed summary sheets on each parcel.

For the purposes of the survey, underutilized residential property is defined as that which has fewer units than allowed by the zoning designation. The survey indicates that there are 35.03 acres of vacant and underutilized residentially zoned property in the City, 21.12 acres of which is underutilized residentially zoned land and 13.90 acres of which is vacant residentially zoned land. If developed to allowable density under the existing zoning designation, the underutilized property could net an additional 209 units and the vacant property could yield 528 units. It should be noted that this later figure includes the density bonus granted to Park Stanton Place under the Disposition and Development Agreement with the Agency pursuant to which the developer has agreed to construct 335 affordable senior housing units.

Section 6 Affordable Housing Cost

A. Overview

Affordable housing is safe and decent housing that different income level households can afford to rent or buy. An affordability gap analysis illustrates the difference between what it costs to build and operate a new rental unit or home and what households at different income levels can afford to pay for housing.

The analysis conducted for this strategy includes both renters and first-time homebuyers and illustrates that most housing development costs are adversely impacted by three forces: (1) high construction costs; (2) high land costs; and, (3) low densities.

B. Identifying the Affordability Gap

The affordability gap is the difference between the total development costs which can be supported by tenant rents or owner monthly payments and the cost of developing the unit.

Definitions

Income Categories with Respect to the County Median

Income eligibility limits for participation in federal and state-assisted housing programs are established annually pursuant to Section 8 of the United States Housing Act of 1937. Table 13 sets out the income definitions for the three categories used in this analysis to determine affordable housing costs.

Table 13 - Definition of Income Categories

INCOME CATEGORIES	DEFINITION
VERY LOW	Households earning not more than 50% of the area median income adjusted for household size
LOWER	Households earning over 50% and not more than 80% of the area median income adjusted for household size.
MODERATE	Households earning over 80% and not more than 120% of the area median income adjusted for household size.

Source: U.S. Department of Housing and Urban Development

The following table identifies annual income by family size for all the income categories for Orange County as defined by the U.S. Department of Housing and Urban Development as of May, 1994. Household sizes of one through four persons have been chosen to illustrate income levels.

Table 14 - Annual Income by Family Size for Income Categories

HOUSEHOLD SIZE	VERY LOW INCOME	LOWER INCOME	MEDIAN INCOME	MODERATE INCOME
1	Not more than \$20,600	Between \$20,601 and \$27,950	Between \$27,951 and \$41,150	Between \$41,151 and \$49,400
2	Not more than \$23,500	Between \$23,501 and \$31,900	Between \$31,901 and \$47,050	Between \$47,051 and \$56,450
3	Not more than \$26,450	Between \$26,401 and \$35,900	Between \$35,901 and \$52,900	Between \$52,901 and \$63,500
4	Not more than \$29,400	Between \$29,401 and \$39,900	Between \$39,901 and \$58,800	Between \$58,801 and \$70,550

Source: U.S. Department of Housing and Urban Development, May 1994

C. Affordable Housing Cost

Affordable housing cost definitions apply for different income levels, and the definition is not the same for rental housing as for owner-occupied housing.

Rental Housing

For rental housing required to be available at affordable housing cost to very low income households (defined as households at or below 50% of median income), annual rents (including utility

allowance) may not exceed 30% of 50% of area median income, adjusted for family size appropriate for the unit.

For rental housing required to be available at affordable housing cost to lower income households (defined as households between 51% and 80% of median income), annual rents (including utility allowance) may not exceed 30% of 60% of area median income, adjusted for family size appropriate for the unit. In addition, if the gross income of the lower income household is between 60% and 80% of median income, the agency may optionally set rents at a level not to exceed 30% of the actual gross income of the household.

For rental housing required to be available at affordable housing cost to moderate income households (defined as households between 81% and 120% of median income), annual rents (including utility allowance) may not exceed 30% of 110% of the area median income, adjusted for family size appropriate for the unit. In addition, if the gross income of the moderate income household is between 110% and 120% of the median income, the agency may optionally set rents at a level not to exceed 30% of the actual gross income of the household.

Owner-Occupied Housing

For owner-occupied housing required to be available at affordable housing cost to very low-income households, housing cost shall not exceed 30% of 50% of the area median income, adjusted for family size appropriate for the units.

For owner-occupied housing required to be available at affordable housing cost to lower income households between 50% and 70% of the area median income, housing cost shall not exceed 30% of 70% of the area median income, adjusted for family size appropriate for the unit. In addition if the gross income of the lower income household is between 70% and 80% of area median income, the agency may optionally require that housing cost not exceed 30% of the actual gross income of the household.

For owner-occupied housing required to be available at affordable housing cost to moderate income households, annual housing cost shall not exceed 35% of 110% of area median income, adjusted for family size appropriate for the unit, nor shall it be less than 28% of the gross income of household. In addition, if the actual gross income of the moderate income household exceeds 110% of the area median income, the agency may optionally require that housing cost not exceed 35% of the actual gross income of the household.

The option of setting rents at a level not to exceed a certain percentage of actual gross income of the household is not recommended because the practice of setting rents to actual income makes projections of the revenue to be generated by a particular development uncertain prior to actual rent-up of the development, and means that project owners may be required to decrease rents if occupant households experience any

decreases in income, threatening the feasibility of the development.

Following these limits, Table 15 defines the legal limits on affordable monthly housing costs (including a reasonable utility allowance) for units assisted by redevelopment funds.

Table 15- Affordable Housing Costs Definitions

INCOME LEVEL	AFFORDABLE RENTAL	AFFORDABLE OWNER OCCUPIED
VERY LOW	30% of 50% of the area median income	30% of 50% of the area median income
LOWER	30% of 60% of the area median income	30% of 70% of the area median income
MODERATE	30% of 110% of the area median income	35% of 110% of the area median income, but no less than 28% of actual income

Source: California State Redevelopment Law (Health & Safety Code, Section 50052.5)

For this analysis, renters' affordable housing cost is defined to include monthly rent and utility charges. For homeowners, it is defined to include principal and interest, mortgage insurance (if any), maintenance and repairs, taxes, property insurance, and utilities.

Tables 16 and 17 set out the affordable monthly housing costs for a one person household, two person household, three person household and a four person household for multifamily rental and single family owner-occupied housing units, in Orange County where the median annual income for a four person household is \$56,500.

Table 16 - Affordable Monthly Housing Costs, Rental Housing, Maximum of Income Category

HOUSEHOLD SIZE	VERY LOW INCOME	LOWER INCOME	MODERATE INCOME
1	\$514	\$617	\$1,132
2	\$588	\$706	\$1,294
3	\$661	\$794	\$1,455
4	\$735	\$882	\$1,617

Source: GRC-Copenhaver, Inc.

Table 17 - Affordable Monthly Housing Costs, Owner-Occupied, Maximum of Income Category

HOUSEHOLD SIZE	VERY LOW INCOME	LOWER INCOME	MODERATE INCOME
2	\$588	\$823	\$1,510
3	\$661	\$926	\$1,697
4	\$735	\$1,029	\$1,887

Source: GRC-Copenhaver, Inc.

Identification of Income Levels for Various Job Classifications

Income limits and income ranges have more meaning when they are applied to job classifications with which we are familiar. Table 19 of wages and salaries paid by local employers is used to give some identity to the various income groups. This table includes only full time positions. Some of these salaries would become ineligible for assistance at a smaller household size or if two incomes exist per household. The assignment to levels is based on a family of four and is consistent with the income ranges indicated in Table 18.

Table 18 - Targets for Housing Costs, Four Person Household

INCOME LEVEL	AFFORDABLE RENTAL	AFFORDABLE OWNER OCCUPIED
Level I Very Low Below 30% of median up to \$16,950	\$353 per month 25% of 30% of the area median	\$353 per month 25% of 30% of the area median
Level II Very Low Below 30% and 50% of median between \$16,951 and \$28,250	\$706 per month 30% of 50% of the area median	\$706 per month 30% of 50% of the area median
Level III Lower Between 50% and 80% of median between \$28,251 and \$45,200	\$848 per month 30% of 60% of the area median	\$989 per month 30% of 70% of the area median
Level IV Moderate Between 80% and 110% of median between \$45,201 and \$62,150	\$1,130 per month 30% of 80% of the area median	\$1,271 per month 30% of 90% of the area median
Level V Moderate Between 110% and 120% of median between \$62,151 and \$67,800	\$1,554 per month 30% of 110% of the area median	\$1,813 per month 35% of 110% of the area median

Source: GRC-Copenhaver, Inc.

Table 19 - Wages and Salaries of Various Job Classifications

POSITION/TITLE	AVERAGE OF RANGE	LEVEL
PUBLIC SECTOR: CITY		
Facilities Maintenance Work I	\$22,872	II
Secretary	24,588	II
Engineering Technician	28,464	III
Accountant	31,380	III
Engineering Assistant	33,780	III
Public Works Superintendent	45,276	IV
Recreation/Leisure Services Director	46,944	IV
SCHOOL		
Computer Programmer	49,484	IV
General Office Clerk	20,966	II
Maintenance Repairer	23,920	II
Food Service Manager	32,500	III
Secretary	27,082	II
PRIVATE SECTOR: SERVICE/RETAIL/GROCERY		
Insurance Processing Clerk	20,488	II
Stock Clerk, Sales Floor	16,910	I
Waiter	25,886	II
Legal Secretary	35,672	III
Electrician	47,819	IV
Housekeeping Supervisor	14,040	I
Loan Clerk	29,016	III
Property & Real Estate Manager	38,804	III
Office Machine & Cash Register Servicer	22,880	II
MANUFACTURING		
Welder	24,440	II
Electrical Technician	34,320	III
Inventory Clerk	17,160	II
Machinist	37,752	III
Truck or Diesel Mechanics	35,568	III
Sewing Machine Operators, Garment	12,480	I
Truck Driver	29,640	III
Stock Clerk, Warehouse or Storage Yard	17,160	II
Delivery Person	26,330	II
MEDICAL		
Physical Therapist Assistant	35,277	III
Registered Nurse	35,048	III
Dental Hygienist	58,500	IV
Laboratory Technologist	41,350	III
Medical Secretary	26,000	II
Nurse Aid	14,872	I
Medical Clerk	20,488	II

Source: City of Stanton, Orange County PIC & State of California EDD

D. Methodology and Assumptions for Gap Analysis

The purpose of the gap analysis is to identify the potential subsidy requirements for households at varying income levels. The first step is to establish the amount a household can afford to contribute to the cost of owning or renting a units. Affordable housing cost and income levels are defined in the following section for renters and homeowners. These definitions are applied in this analysis.

Housing Expenses

There are two fundamental types of housing expenses to be borne by the tenant or owner: (1) operating costs and (2) financing or mortgage obligations. There is the cost to maintain the unit and the cost to pay for purchasing or developing the actual structure.

Operating Costs

Operating costs are typically defined to include utilities, property maintenance and repair, management fees, property insurance, and mortgage insurance, if any. (Mortgage insurance is required by lenders depending upon the level of equity invested.) In the case of renters, except for utilities, all costs are paid by the landlord as an annual operating cost of the unit and are reimbursed out of rental income. Homeowners assume all of the operating cost obligations but these do not typically include any management fees, although they often include dues to a homeowner's association.

Mortgage Obligations

Mortgage obligations occur when all or a portion of the purchase price or development cost is financed. This cost is an obligation of the owner and, in the tenant's case, of the landlord. Mortgage obligations vary in relation to the amount of down payment or equity invested, the term of the loan (number of years), the annual interest rate and property mortgage insurance rate, if any.

Assumptions

Various assumptions must be made for each of these housing expenses, in order to perform a gap analysis. These assumptions, as well as those for determining development and construction costs, as outlined later in this section, are based on our experience in a number of Southern California cities. For a major portion of this data, the numbers may be highly variable due to factors that are specific to the situation. The assumptions used in this analysis should be considered as a gauge rather than as definitive statement of fact.

General Operating Costs

Rental

A total monthly operating cost of Two Hundred Twenty-Five Dollars (\$225) per unit is assumed. This cost includes common area charges, maintenance, management fees, property taxes, and insurance.

A vacancy allowance of five (5%) percent is also deducted from rental income to compensate for the landlord's potential loss of rental income when units become unoccupied. This figure is a standard used by the financial and realty community.

Owner

Property taxes are assumed to be at the rate of 1.25 percent of assessed value per annum for a City which has outstanding bonded indebtedness. For purposes of this analysis, assessed value equates to total development cost. Property insurance is estimated at an annual cost of Eight Hundred Dollars (\$800.00). A utility allowance of Seventy-five Dollars (\$75.00) per month is assumed and maintenance and repairs are estimated at Fifty dollars (\$50.00) per month.

Financing Costs

Rental

Financing costs vary according to the amount of equity invested, the term of the loan, the annual interest and mortgage insurance rates. The loan-to-value ratio is assumed to be the amortized debt which can be supported by tenant net affordable rents. The balance of project financing is assumed to come from a capital subsidy.

The loan term is projected at thirty (30) years with fixed annual interest rate of seven (7%) percent with a debt service coverage ratio of 1.10 to 1. No property mortgage insurance is assumed to be charged on the loan.

Owner

The analysis assumes a twenty (20%) percent down payment by the purchaser. The loan terms are equivalent to those assumed for rental units: 30-year term and seven (7%) percent fixed annual interest rate.

Development Costs

Rental

The multifamily unit prototype which has been chosen for the analysis is a 2 bedroom/2 bath unit of 900 square feet.

Land is assumed to sell for \$12.50 per square foot or \$544,500 per acre. Calculations were made at 22 dwelling units to the acre (du/acre).

Hard construction costs are assumed at \$58.00 per square foot which is considered to represent average quality construction. Total development fees include planning, building, engineering,

park, school, sewer and water charges. Soft costs are estimated at 33 percent of construction cost and development fees. They include contractor overhead and profit, architecture and engineering fees, title and recordation, insurance during construction, taxes, bonds, legal and organizational, loan fees, construction period interest, and rent-up or marketing expenses. No additional allowance is made for developer profit.

Table 20 sets out total costs for the rental prototype. Assessed value is equivalent to the total development cost.

Owner

Table 21 sets out total costs for the townhouse owner-occupied prototype unit. As with the rental units, the cost of land is assumed to be \$12.50 per square foot. Calculations were made at 14 dwelling units to the acre. The prototype unit is a 3 bedroom/2.5 bath unit of 1,445 square feet.

Hard construction costs are set at \$65.00 per square foot, representing average quality construction. Development fees and soft costs are figured the same as the rental units.

Table 20- Estimated Development Costs Per Unit - Rental Housing - Medium Density

ITEM	COST PER UNIT 3 BEDROOM/2 BATH
SIZE OF UNIT	900 sq. ft.
COST OF LAND (22 DU/ACRE)	\$24,750
CONSTRUCTION COSTS	\$52,200
DEVELOPMENT FEES	\$5,000
SOFT COSTS	\$24,618
TOTAL DEVELOPMENT COST PER UNIT	\$106,568

Source: GRC-Copenhaver, Inc.

Table 21- Estimated Development Costs Per Unit - Townhouse Owner-Occupied Housing

ITEM	COST PER UNIT 3 BEDROOM/2.5 BATH
SIZE OF UNIT	1445 sq. ft.
COST OF LAND (14 DU/ACRE)	\$38,893
CONSTRUCTION COSTS	\$93,925
DEVELOPMENT FEES	\$5,000
SOFT COSTS	\$32,645
TOTAL DEVELOPMENT COST PER UNIT	\$170,463

Source: GRC-Copenhaver, Inc.

E. Gap Analysis

Using the methodology and assumptions presented in the previous sections, an affordable monthly housing cost is calculated for each income category and unit prototype for both the rental and owner-occupied housing. The average household size of four persons is used to calculate the affordability gap.

In summary, all operating costs which the renter or owner must pay are deducted from the affordable monthly housing cost to establish the remaining monthly household income available for either rent or mortgage payments. This figure is used to calculate the debt and mortgage a tenant and owner, respectively, are able to support. In the case of the rental unit, the supportable debt is deducted from the total development cost, to determine the capital subsidy required to build a new prototype housing unit affordable to an eligible family in each income category. For the owner-occupied unit, the supportable mortgage and down payment on the supportable mortgage are deducted from the total development cost.

Renter

Table 22 presents the renter affordability gap analysis for the two bedroom prototype at each income level.

Table 22 - Subsidy Requirement - 2BD/2BA Rental Unit

ITEM	VERY LOW INCOME	LOWER INCOME	MODERATE INCOME
ANNUAL INCOME²²	28,250	39,700	67,800
AFFORDABLE MONTHLY HOUSING COST²³	706	848	1,554
LESS: MONTHLY UTILITY ALLOWANCE²⁴	75	75	75
AFFORDABLE MONTHLY RENT	631	773	1,479
LESS: MONTHLY OPERATING COST	225	225	225
LESS: VACANCY ALLOWANCE²⁵	33	40	75
NET MONTHLY RENT AVAILABLE FOR DEBT SERVICE²⁶	373	508	1,179
TENANT SUPPORTED DEBT²⁷	56,065	76,356	177,212
TOTAL DEVELOPMENT COST²⁸	106,568	106,568	106,568
SUBSIDY REQUIREMENT²⁹	50,503	30,212	EXCEEDS MARKET RENT

²²Median Income - Four (4) person household

²³From Table 13 for four (4) person household

²⁴\$75/month - representative utility allowance

²⁵Standard of 5% of affordable monthly rent

²⁶Affordable Monthly Rent less Monthly Operating Cost less Vacancy Allowance

²⁷Assumes a 7% fixed rate; 30 year mortgage

²⁸From Table 18

²⁹Total Development Cost less Tenant Supported Debt

Owner

Table 23 illustrates the affordability gap for the single family owner-occupied three bedroom prototype at each income level.

Table 23 - Subsidy Requirement - 3BD/2BA Townhouse Owner-Occupied Unit, 14 du/acre

ITEM	VERY LOW INCOME	LOWER INCOME	MODERATE INCOME
ANNUAL INCOME³⁰	28,250	39,700	67,800
AFFORDABLE MONTHLY HOUSING COST³¹	706	989	1,813
LESS: MONTHLY UTILITY ALLOWANCE³²	75	75	75
LESS: PROPERTY TAXES³³	163	163	163
LESS: PROPERTY INSURANCE	67	67	67
LESS: PROPERTY MAINTENANCE & REPAIR	50	50	50
NET MONTHLY CASH AVAILABLE FOR MORTGAGE	351	634	1,458
SUPPORTABLE MORTGAGE³⁴	52,758	95,295	219,148
HOMEBUYER PURCHASE COST³⁵	12,134	21,918	50,404
TOTAL DEVELOPMENT COST³⁶	170,463	170,463	170,463
SUBSIDY REQUIREMENT³⁷	117,705	75,168	EXCEEDS MARKET VALUE

Source: GRC-Copenhaver, Inc.

³⁰Median Income - Four (4) person household.

³¹From Table 14 for four (4) person household.

³²Allowance assumed for the larger single family owner-occupied unit.

³³1.25% of assessed value. Assessed value equal to total development cost.

³⁴Based on 7% fixed rate, 30 year mortgage.

³⁵Based on 20% down payment on supportable mortgage plus 3% closing fees on supportable mortgage.

³⁶From Table 19.

³⁷Total Development Cost less Supportable Mortgage less Homebuyer Purchase Cost.

F. Summary of Gap Analysis

The gap analysis indicates that the Agency would have to consider a costly capital subsidy program for both renters and homeowners to produce affordable housing units for the very low- and low-income families. Moderate-income families can support either prototype without any subsidy requirement.

For very low-income renters or single family homeownership, the amounts appear especially unrealistic, since the subsidy amounts are so large in comparison to the affordable rent or mortgage the households can pay or finance. One alternative may be to purchase and/or lease existing units in the City. This could prove to be a less expensive alternative since existing units sell at a price significantly below the cost of producing new units.

Section 7 Implementation of Affordable Housing Programs

A. Introduction

In addition to the non-housing programs, the implementation plan must also describe how the Agency will spend its Housing Fund dollars to increase, improve and preserve the community's supply of low- and moderate-income housing at an affordable housing cost as defined in the Health & Safety Code.

The implementation plan must contain, for each of the five years, an annual housing program with sufficient detail to measure performance pursuant to the implementation plan: the number of housing units developed, rehabilitated, price-restricted, otherwise assisted, or destroyed. If the implementation plan does describe a project in which units will be destroyed, the plan must identify proposed locations suitable for the replacement of those dwelling units.

The following is a list of those programs which the Stanton Redevelopment Agency expects to begin within the next five years, the number of affordable housing units and the targeted income levels and the type of assistance provided. Other projects under these programs may be considered and developed in lieu of, or in addition to those shown.

B. Affordable Housing Programs

The Action Plan, shown as Figure 1, will guide all City and Agency housing development efforts over the next five (5) years. This plan was developed by prioritizing the housing needs and obligations of the community, first ensuring that the City and Agency are meeting government-mandated timelines and requirements and, second, that local housing policies are being implemented.

The Housing Program Action Plan along with the Five Year Budget, shown as Figure 2, equally divide City and Agency efforts and dollars between housing rehabilitation and new housing development programs and reflects a strong emphasis on single-family and multifamily housing rehabilitation.

The Action Plan recommends the implementation of a single-family and multifamily neighborhood clean up programs and the creation of a proactive marketing campaign and increased program funds targeted to the City's exiting housing rehabilitation program. New ownership housing is identified for upper- and moderate-income families in the form of a high density attached townhouse product incorporating quality design elements. A second unit program on single-family lots is

recommended for the original Stanton townsite area with the neighborhood clean up program overlaying the same area.

A non-profit rehabilitation program would be designed to target an existing apartment complex to rehabilitate each unit as it becomes vacant to avoid relocation of tenants. The non-profit would rent to low- and moderate-income households, would control the tenant mix and remove any trouble tenants. An in-fill housing program is included as part of the implementation plan to provide for the development of duplex, triplex and fourplex units in medium density residential areas. The program would be designed to encourage ownership housing and provide bonus incentives for lot consolidation. Finally, the housing program includes the completion of the senior housing project and the development of a plan to market the project to Stanton senior citizens.

HOUSING PROGRAM ACTION PLAN

REHABILITATION

NEW DEVELOPMENT

Single-Family

Neighborhood Clean Up Program

Provide programs which educate homeowners and property owners regarding methods for maintenance & upkeep

Encourage neighborhood effort

Provide economic assistance & administer program

Monitor the conditions of the homes/amps.

Target Lexington Drive, Starr Street and existing apartments

Adopt a property maintenance, and inspection ordinance

Neighborhood Housing Rehabilitation Program

Target rehabilitation of substandard & deteriorating housing to benefit low- & moderate-income families

Encourage maintenance, repair and inspection of existing housing

Promote removal & replacement of units which cannot be rehabilitated

Increase program funds to approximately \$300,000 per year

Create proactive marketing campaign

Multi-Family

Non-Profit Rehabilitation Program

Non-Profit to Purchase Existing Apartment Complex
Rehabilitate Units when vacant
Avoid relocation of tenants
Rent to Low & Moderate-Income Households
Control Tenant Mix
Remove Trouble Tenants

Single-Family

Attached Townhouse

Ownership Housing
High Density Residential
Allow Density Bonus Provision
Incorporate Quality Design
Upper Income Housing Sites:
Lampson Avenue 5.5 acre site
(Adjacent to Pace)

Second Unit Program

Second unit on Single Family lot
Low Density Residential
Create Design Guidelines
Target original Stanton townsite
Overlay with Neighborhood Clean Up Program

Multi-Family

Senior Housing Project

Complete low interest loan documentation
Market project to Stanton senior citizens

In-Fill Housing Program

Duplex, Triplex & Fourplex Units
Medium Density Residential
Encourage Ownership Housing
Provide Bonus Incentives for Lot Consolidation
Allow Density Bonus Provision
Target Lexington Drive and Starr Street
Maintain Single-Family Character

Figure 1, Housing Program Action Plan

Figure 2 - Five Year Budget for Housing Programs

	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99
SOURCES:					
BEGINNING FUND BALANCES	\$1,684.	\$1,547.	\$ 854.	600.	483.
TRANSFERS IN:					
COMMUNITY DEVELOPMENT PROJECT AREA AND AMENDMENTS ³⁸	388.	395.	408.	422.	436.
REVENUE:					
INTEREST ³⁹	40.	46.	36.	28.	20.
OTHER ⁴⁰	0	650.	150.	150.	150.
TOTAL REVENUES	2,112.	2,638.	1,448	1,200.	1,089.
USES:					
HOUSING PROGRAMS					
NEIGHBORHOOD CLEAN UP PROGRAM		30.	30.	30.	30.
NEIGHBORHOOD HOUSING REHABILITATION PROGRAM		150.	150.	150.	150.
NON-PROFIT REHABILITATION PROJECT		1,000.	0	0	0
SECOND UNIT PROGRAM		150.	150.	125.	125.
SENIOR HOUSING PROJECT	375.	0	0	0	0
IN-FILL HOUSING PROGRAM		250.	250.	200.	200.
OPERATING EXPENDITURES ⁴¹	190.	194.	198.	202.	206.
MARKETING EXPENSE	0	10.	10.	10.	10.
TOTAL EXPENDITURES	565.	1,784.	788.	717.	721.
FUND BALANCE	1,547.	854.	660.	483.	368.

³⁸Two (2%) growth per year.³⁹Three (3%) percent annual interest rate on fund balance.⁴⁰EDBG funds, Orange County Housing Authority funds and County of Orange HCD funds.⁴¹Operating Expenditures are increased by Two percent (2%) per year.

C. Number of Units Proposed and the Income Level Household to be Addressed

Table 24 and Table 25 list each potential program, the number of units proposed to be provided and the potential income level household to be addressed.

**STANTON REDEVELOPMENT AGENCY
FIVE-YEAR IMPLEMENTATION PLAN
1995-1999
PROPOSED ANNUAL HOUSING PROGRAM**

PROGRAM/PROJECT	CATEGORY	STATUS	NUMBER OF UNITS					
			1995	1996	1997	1998	1999	TOTAL
PROGRAMS WITH ASSISTANCE TO DIFFERENT UNITS EACH YEAR:								
NEIGHBORHOOD HOUSING REHABILITATION PROGRAM	Rehabilitation	Planning	0	10	10	10	10	40
SECOND UNIT PROGRAM	New Construction	Planning	0	5	5	3	3	16
IN-FILL HOUSING PROGRAM	New Construction	Planning	0	15	15	10	10	50
PROGRAMS WITH ASSISTANCE TO THE SAME UNITS EACH YEAR:								
NON-PROFIT REHABILITATION PROJECT	Rehabilitation	Planning	0	25	0	0	0	25
SENIOR HOUSING PROJECT	New Construction	Implementing	0	335	0	0	0	335
TOTAL								466

Table 24- Proposed Annual Housing Program, 1995-1999

STANTON REDEVELOPMENT AGENCY
FIVE-YEAR IMPLEMENTATION PLAN
1995-1999

NUMBER OF AFFORDABLE HOUSING UNITS

PROJECT AND PROGRAMS	AFFORDABILITY	NUMBER OF UNITS						TOTAL
		1995	1996	1997	1998	1999	Subtotal	
Rehabilitated	Very Low	0	17	5	5	5	32	65
	Lower	0	18	5	5	5	33	
	Moderate	0	0	0	0	0	0	
New Construction	Very Low	0	175	7	4	4	190	401
	Lower	0	179	12	8	8	207	
	Moderate	0	1	1	1	1	4	
TOTAL	Very Low	0	192	12	9	9	222	466
	Lower	0	197	17	13	13	240	
	Moderate	0	1	1	1	1	4	

Table 25- Number of Affordable Housing Units, 1995-1999

Section 8

Five-Year Estimated Expenditures

The Source of Funds and a Financing Matrix for the Housing Program are included as part of the Action Plan and are identified as Figure 4 and Figure 5, respectively. It is anticipated that program funds will be derived from four (4) sources: 1) Stanton Redevelopment Agency, Low- and Moderate-Income Housing Fund; 2) Community Development Block Grant funds; 3) Orange County Housing Authority; and 4) County of Orange Housing & Community Development Department. The total five year budget for this housing program is \$3,783,500.

SOURCE OF FUNDS

SOURCE	AMOUNT
STANTON REDEVELOPMENT AGENCY	\$2,458,500
CDBG FUNDS	300,000
ORANGE COUNTY HOUSING AUTHORITY	300,000
COUNTY OF ORANGE HCD	500,000
TOTAL	\$3,658,500

STANTON REDEVELOPMENT AGENCY

FISCAL YEAR	AMOUNT
FUND BALANCE, JUNE 1993	\$1,034,000
FY 93-94	370,000
FY 94-95	381,000
FY 95-96	394,000
FY 96-97	408,000
INTEREST EARNED	96,500
TOTAL	\$2,683,500

Figure 3, Source of Funds

FINANCING MATRIX FOR HOUSING PROGRAM

HOUSING PROGRAM	REVENUE SOURCE	AMOUNT
REHABILITATION:		
Neighborhood Clean Up Program	Stanton Redevelopment Agency Twenty Percent Set-a-Side Fund	\$150,000
Neighborhood Housing Rehabilitation Program	Orange County Housing Authority and CDBG Funds	\$600,000
Non-Profit Rehabilitation Project	County of Orange and Mortgage Revenue Bonds	\$500,000 plus the principle amount of the Mortgage Revenue Bonds
NEW DEVELOPMENT:		
Townhouse Program	Stanton Redevelopment Agency Twenty Percent Set-a-Side Fund	Planning Entitlements
Second Unit Program	Stanton Redevelopment Agency Twenty Percent Set-a-Side Fund	\$550,000
Senior Housing Project	Stanton Redevelopment Agency Twenty Percent Set-a-Side Fund	\$375,000
In-Fill Housing Program	Stanton Redevelopment Agency Twenty Percent Set-a-Side Fund	\$900,000

Figure 4, Financing Matrix for Housing Programs

Chapter VI

Monitoring & Compliance

Administration of the Implementation Plan

Section 1 Implementation Plan

As outlined in the beginning of this document, AB 1290 added a new section to the CRL which requires the Agency to produce an Implementation Plan every five years. After adoption of the first implementation plan, a new plan is to be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle. The Agency may amend the implementation plan after conducting a public hearing on the proposed amendment.

At least once within the five-year term of this Plan, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation for each redevelopment project. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.

The CRL does not offer direct guidance regarding the extent to which the Agency's actual activities must conform with this Implementation Plan. However, it does not seem likely that the Legislature intends a hollow planning exercise that could be totally ignored in practice, nor that it envisions rigid adherence to every aspect of the Plan over the five-year period without opportunity for amendments, updates, or modest deviations. The fact that SB 732 adds explicit authorization for amendments to the implementation adds strength to the principle implicit in the plan provisions of AB 1290 that the Agency cannot undertake an activity or project that is not contemplated by its implementation plan.

Section 2

Monitoring and Reporting of Housing Activity

The Agency must monitor affordable housing developed or otherwise made available pursuant to any provision of the CRL. This monitoring applies to units developed without Housing Fund assistance, if the housing is located within a project area.

As part of such monitoring, the owners or managers of the affected housing must submit annual reports to the Agency. For rental housing, the annual reports to the Agency must set forth the rental rate and income and family size of the occupants of each unit (with the income information certified by each occupant). For owner-occupied housing, the owner's annual report to the Agency must disclose whether there was an ownership change during the year and, if so, the income and family size of the new owner.

The Agency may impose fees on the owners of monitored property to defray the costs of the monitoring system. The information obtained from the new monitoring system is to be used in meeting the annual reporting requirements to the State Controller for the Agency's housing activities.

APPENDICES

**STANTON REDEVELOPMENT AGENCY
1995-1999 IMPLEMENTATION PLAN**

**TECHNICAL APPENDIX A
CITY OF STANTON, HOUSING PRODUCTION 1989 - 1994**

CITY OF STANTON
Housing Production
July 1989 through June 1994
UNITS BUILT

New Single-Family Units:

Date	Address	Valuation	Number of Units	Income Level
August 1989	8191 Johnston Rd.	\$300,000	1 unit	1 upper-income unit

New Condominiums:

Date	Address	Valuation	Number of Units	Income Level
July 1991	7912 Second Street	\$540,000	6 units	6 moderate-income units

New Mobile Home Spaces:

Date	Address	Valuation	Number of Units	Income Level
March 1991	3050 Ball #214	\$70,000	1 unit	1 very low-income unit
March 1991	3050 Ball #215	\$50,000	1 unit	1 very low-income unit
June 1992	8681 Katella Avenue #861	\$30,000	1 unit	1 very low-income unit
August 1992	8111 Stanford Avenue #123	\$40,000	1 unit	1 very low-income unit
March 1993	12101 Dale Avenue	\$30,000	1 unit	1 very low-income unit
April 1993	10550 Western Avenue #55	\$60,000	1 unit	1 very low-income unit
June 1993	7700 Lampson Avenue #131	\$45,000	1 unit	1 very low-income unit

New Multi-Family Units:

Date	Address	Valuation	Number of Units	Income Level
July 1989	7892 Second Street	\$516,000	12 units (inc. 2 DBU's)	12 low-income units
October 1989	7861 First Street	\$542,000	10 units (inc. 1 DBU's)	10 low-income units
February 1990	7881 First Street	\$1,160,000	18 units	18 low-income units
September 1990	8131 Star	\$172,000	4 units	4 moderate-income units

Demolition's:

Date	Address	Valuation	Number of Units	Income Level
None				

Housing Production
July 1989 through June 1993
UNITS APPROVED - NOT BUILT

New Single-Family Units:

Date	Address	Valuation	Number of Units	Income Level
None				

New Condominiums:

Date	Address	Valuation	Number of Units	Income Level
April 1991	7650 Katella		76 units	76 moderate-income units

New Mobile Home Spaces:

Date	Address	Valuation	Number of Units	Income Level
June 1990	3050 West Ball		3 spaces	3 very low-income spaces

New Multi-Family Units:

Date	Address	Valuation	Number of Units	Income Level
September 1990	7651 Cerritos		16 units	16 moderate-income units
Conditional Use Permit C89-4	Park Stanton Katella Avenue		335 units	305 low- & moderate-income and 30 very low-income

**STANTON REDEVELOPMENT AGENCY
1995-1999 IMPLEMENTATION PLAN**

**TECHNICAL APPENDIX B
LAND USE INVENTORY SURVEY SUMMARY**

CITY OF STANTON

LAND USE INVENTORY SURVEY SUMMARY

CITY COUNCIL

Edward L. Allen, Mayor
Paul G. Verellen, Mayor Pro Tem
Sal Sapien, Councilmember
David J. Shawver, Councilmember
Martha V. Weishaupt, Councilmember

PLANNING COMMISSION

Lawrence Romagnino, Chairman
Harry M. Dotson, Vice Chairman
Joe V. Harris, Commissioner
Don Martinez, Commissioner
Keith L. Mount, Commissioner

PLANNING DIVISION

Michael Bouvier, Planning Manager

Project Staff

Lonnie Bell, Planning Technician
Mark Lloyd, Planning Intern
Frankie Carmona, Planning Secretary

February, 1989

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Introduction	1
Land Use Inventory Survey Area Map	2
Structural Condition	3-5
Environmental Condition	6-8
Development Standards	9-10
Total Residential Units	10
Non-Conforming Properties	16
Non-Conforming Commercial & Industrial Uses by Zone. . .	16
Vacancy Rate for Retail Commercial Centers	17
Vacancy Rate for Multi-Unit Industrial Complexes	17

INTRODUCTION

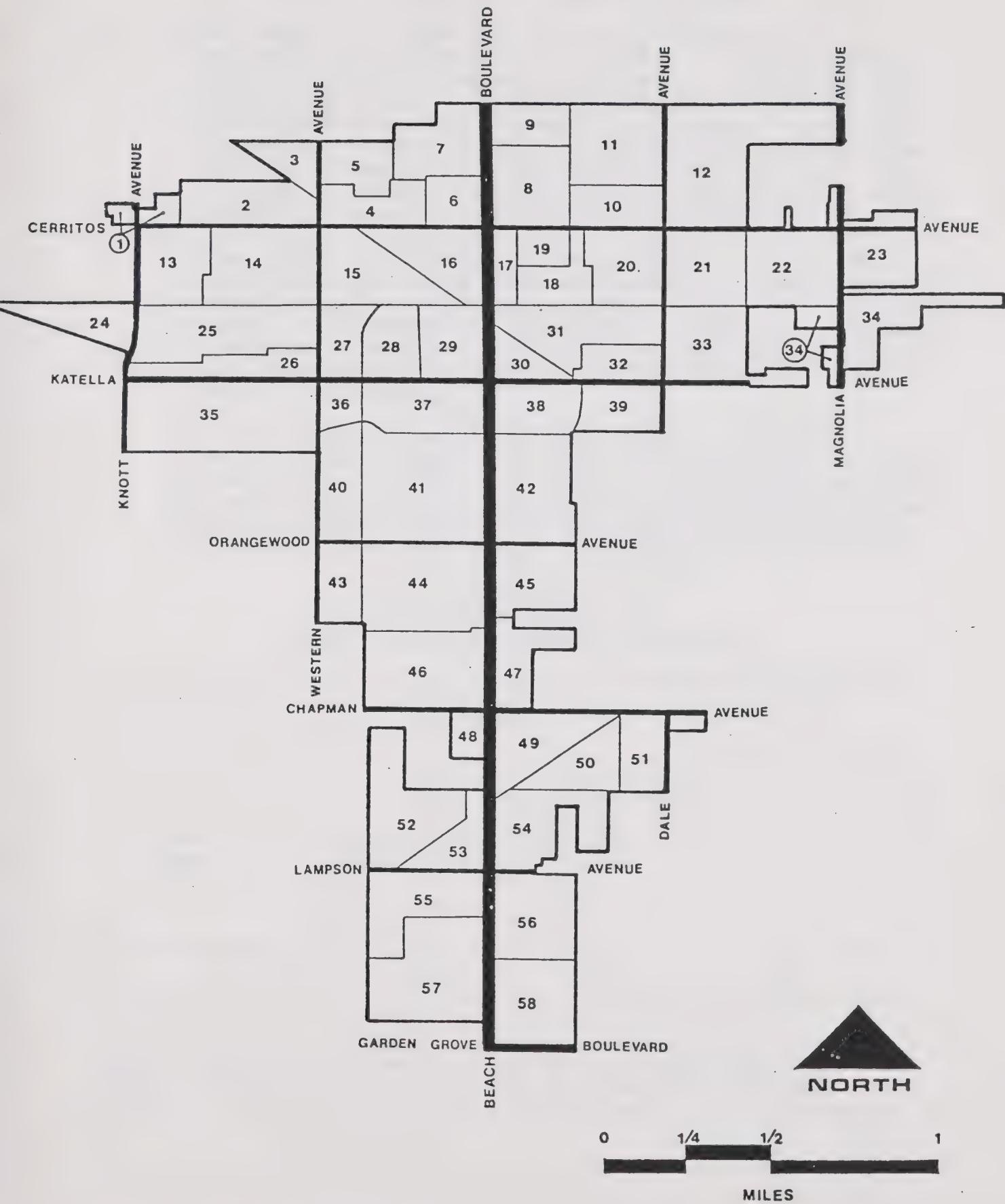
The Land Use Inventory Survey Summary is an accumulation of information collected by windshield survey during the last quarter of 1988. The purpose of the Land Use Inventory Survey is to provide staff and other interested persons with accurate updated information on the City's housing, commercial and industrial characteristics. This information in turn will be used to update the City's general plan; to evaluate the condition of the housing stock; and to evaluate the condition of the City's commercial and industrial properties. Staff evaluated the structural condition of the properties; the environmental condition of the properties in respect to property maintenance; the degree of compliance with development standards and zoning conformance.

This updated information will enable staff to make assumptions regarding the housing stock and the economic well-being of the City. For example, there are a total of 10,305 residential units located within the City. Of that number, 1,073 are non-conforming. This represents 10.4% of the City's housing stock and also represents a significant land use issue. Since nearly 92% of the non-conforming residential units are non-conforming by virtue of being over dense for the underlying zone, it may be an indication that the City should re-evaluate its maximum density limitation.

The Inventory is not intended to be static. We hope to be able to update it yearly. Currently, we are working on finishing our Vacant Survey, and we will be providing a summary of that effort in the near future.

FIG. 1

LAND USE INVENTORY SURVEY AREA MAP



STRUCTURAL CONDITION

1. Table Nos. 1 - 4 show the structural condition of single-family residential (SFR), multi-family residential (MFR), commercial (Comm.) and industrial (IND.) properties. The structures are rated on a scale from one to four. One (1) indicates a structure in excellent condition with no observable problems; two (2) means in need of minor maintenance repairs; three (3) means in need of major repairs, and four (4) means an unsafe structure which should be removed.

These tables, in the aggregate, illustrate the need for rehabilitation in each land use category. From a social perspective, the most significant table is the one showing the residential structural conditions, because it measures the physical health of the City's housing stock, which in turn affects the living environment of the City's residents.

The structural conditions of the commercial and industrial buildings in the City are important to know as well because their statistics help us understand the business health of our community. They also provide us with guidance in allocating our limited revitalization resources in the most effective fashion.

TABLE NO. 1
STRUCTURAL CONDITION
SINGLE-FAMILY RESIDENTIAL PROPERTIES

Structural Rating	1	2	3	4	TOTAL
Number of Properties	2513	46	9	4	2572
Percentage	97.7	1.8	.3	.2	100%

Please see the accompanying survey area map (Figure 2) which shows graphically the percentage of single-family residential housing in need of structural rehabilitation by survey area.

TABLE NO. 2
MULTI-FAMILY RESIDENTIAL PROPERTIES

Structural Rating	1	2	3	4	TOTAL
Number of Properties	357	18	1	1	377
Percentage	94.7	4.8	.3	.3	100%

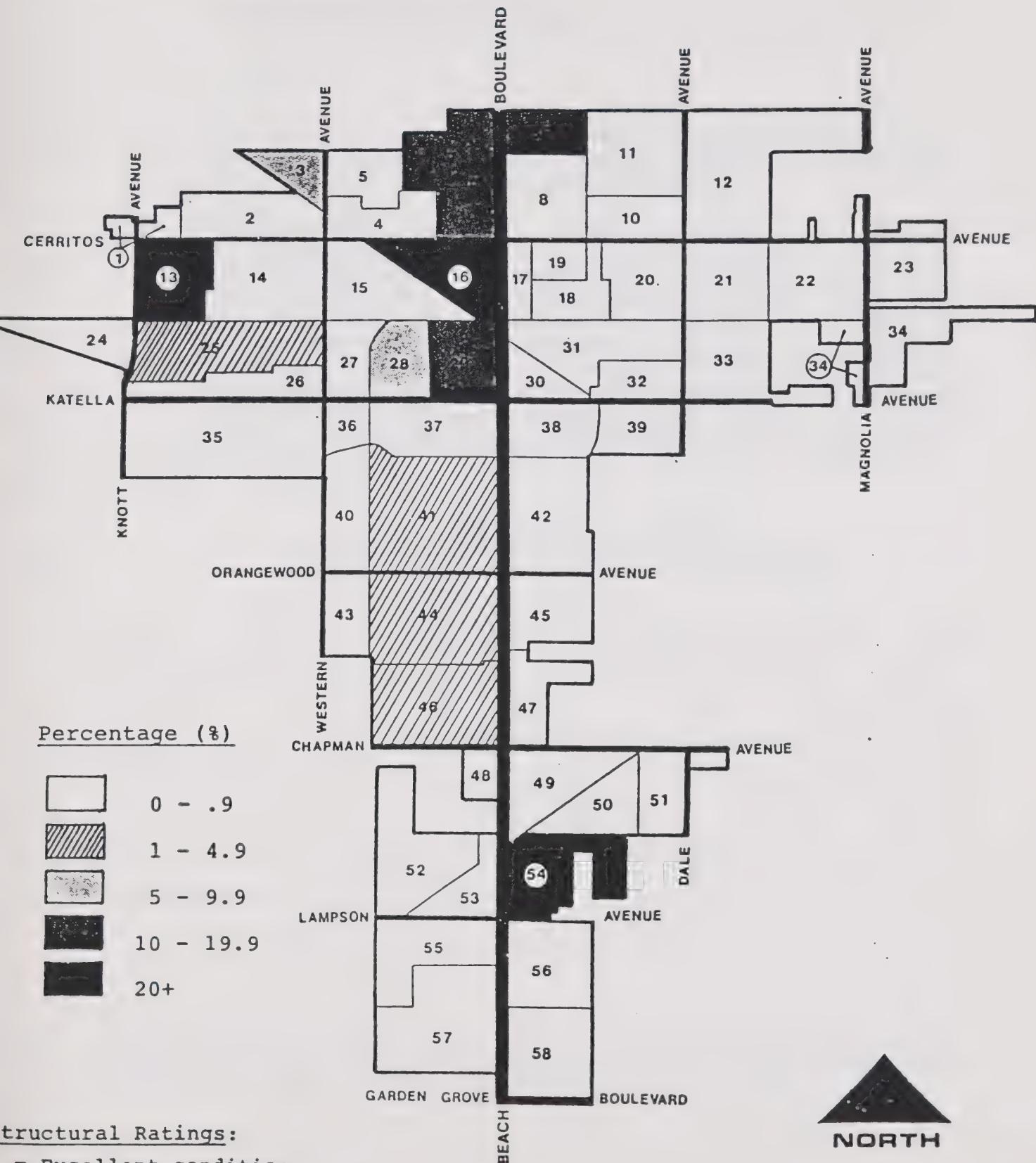
TABLE NO. 3
COMMERCIAL PROPERTIES

Structural Rating	1	2	3	4	TOTAL
Number of Properties	160	11	1	0	172
Percentage	93	6.4	.6	0	100%

TABLE NO. 4
INDUSTRIAL PROPERTIES

Structural Rating	1	2	3	4	TOTAL
Number of Properties	234	16	4	9	263
Percentage	89	6.1	1.5	3.4	100%

G. 2 PERCENTAGE OF SINGLE FAMILY RESIDENTIAL HOUSING IN NEED OF STRUCTURAL REHABILITATION BY SURVEY AREA. (HAVING A STRUCTURAL RATING OF 2 OR GREATER)*



ENVIRONMENTAL CONDITION

2. Table Nos. 5 - 8 show the environmental condition of single-family residential, multi-family residential, commercial and industrial properties.

"Environmental Condition" means attention to property maintenance in general and compliance with City codes regarding storage of inoperable vehicles and other items. Properties are evaluated on a scale of one to four, with one (1) meaning a property in good to excellent condition with no code violations; two (2) meaning minor property maintenance problems with perhaps one inoperable vehicle; three (3) indicating major code violations and serious property maintenance problems; and four (4) reflecting the existence of extremely bad conditions.

TABLE NO. 5
SINGLE-FAMILY RESIDENTIAL PROPERTIES

Environmental Rating	1	2	3	4	TOTAL
Number of Properties	2460	105	4	3	2572
Percentage	95.5	4.1	.2	.1	100%

Please see the accompanying survey area map (Figure 3), which shows graphically the percentage of single-family residential housing with environmental problems by survey area.

TABLE 6
MULTI-FAMILY RESIDENTIAL PROPERTIES

Environmental Rating	1	2	3	4	TOTAL
Number of Properties	306	65	6	0	377
Percentage	81.2	17.2	1.6	0	100%

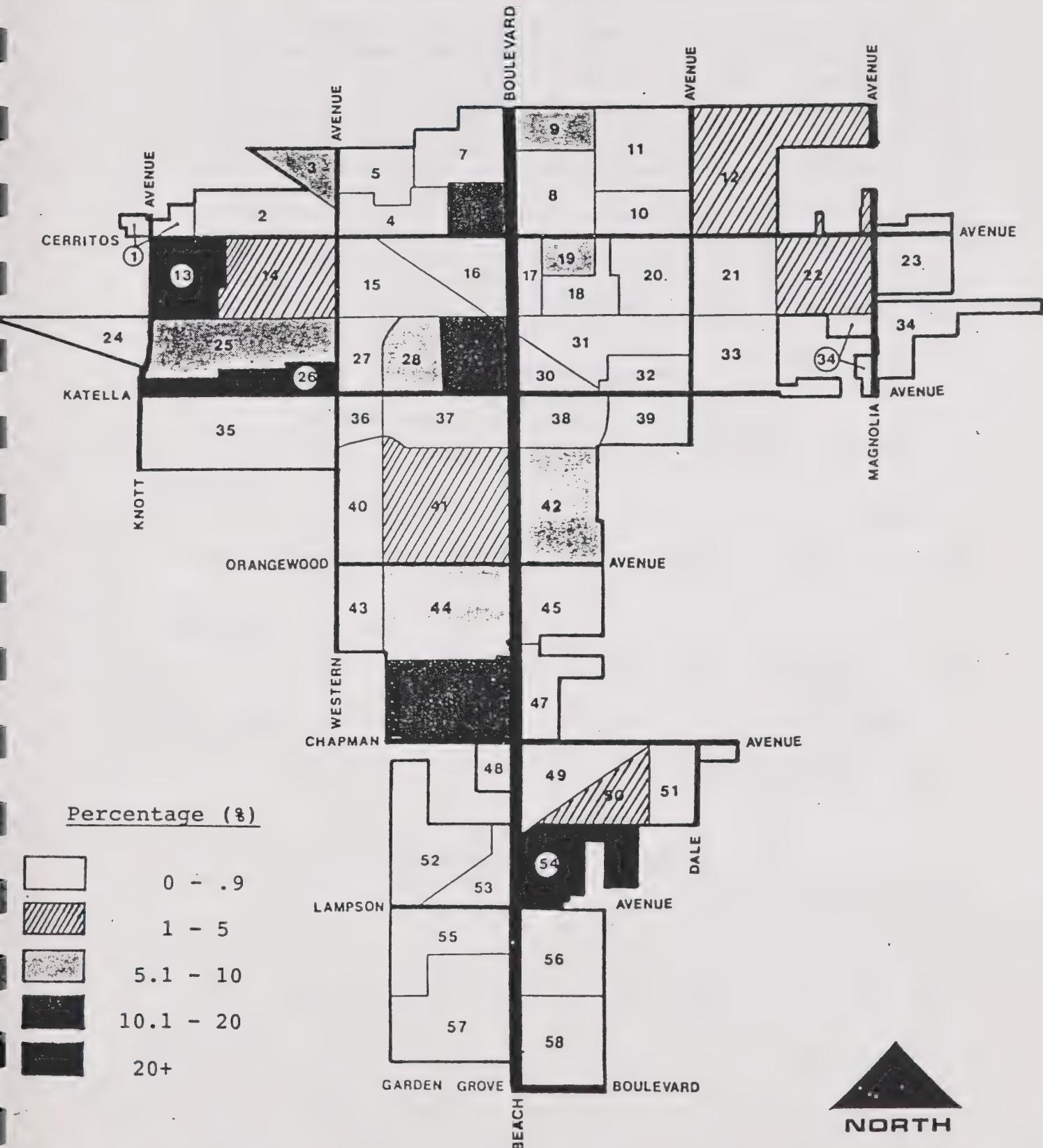
TABLE 7
COMMERCIAL PROPERTIES

Environmental Rating	1	2	3	4	TOTAL
Number of Properties	134	36	1	1	172
Percentage	77.9	20.9	.6	.6	100%

TABLE 8
INDUSTRIAL PROPERTIES

Environmental Rating	1	2	3	4	TOTAL
Number of Properties	120	77	47	19	263
Percentage	45.6	29.3	17.9	7.2	100%

FIG. 3 PERCENTAGE OF SINGLE FAMILY RESIDENTIAL HOUSING WITH ENVIRONMENTAL PROBLEMS BY SURVEY AREA (HAVING A ENVIRONMENTAL RATING OF 2 OR GREATER*)



Having one or more property maintenance problems such as inoperable vehicles, overgrown vegetation and trash and debris

DEVELOPMENT STANDARDS

3. Table numbers 9 through 11 show the level of compliance with development standards (parking, landscaping, trash enclosures, etc.) for multi-family residential, commercial, and industrial properties. Single-family residential properties are not included in this category because the development standards are very simple. The level of compliance with development standards are rated on a scale from one to four. One (1) means complete compliance with development standards; two (2) means a deficiency in one of the development standards but the property meets the intent of the code; three (3) indicates a deficiency in two or more development standards; and four (4) represents major non-compliance with development standards.

DEVELOPMENT STANDARDS
TABLE NO. 9
MULTI-FAMILY RESIDENTIAL PROPERTIES

Degree of Compliance	1	2	3	4	TOTAL
Number of Properties	285	83	8	1	377
Percentage	75.6	22.0	2.1	.3	100%

TABLE NO. 10
COMMERCIAL PROPERTIES

Degree of Compliance	1	2	3	4	TOTAL
Number of Properties	92	64	13	3	172
Percentage	53.5	37.2	7.6	1.7	100%

**TABLE NO. 11
INDUSTRIAL PROPERTIES**

Degree of Compliance	1	2	3	4	TOTAL
Number of Properties	81	111	51	20	263
Percentage	30.8	42.2	19.4	7.6	100%

TOTAL RESIDENTIAL UNITS

4. Table No. 12 shows the total number of residential units by type and the percentage of each type.

**TABLE NO. 12
TOTAL RESIDENTIAL UNITS**

TYPE	SFR	MFR	MH	RETIREMENT	TOTAL
Number of units	2648	6007	1391	259	10,305
%	25.7	58.3	13.5	2.5	100%

NON-CONFORMING RESIDENTIAL

(SINGLE-FAMILY RESIDENTIAL/MULTI-FAMILY RESIDENTIAL)

5. There are a total of 1,073 non-conforming residential units in the City, or 10.4% of the City's housing stock. This figure includes single-family detached houses and apartment units that are non-conforming because they are located in non-residential commercial and industrial zones. This figure also includes apartment units that are in excess of the density limitations of the underlying residential zone. For example, a three-unit apartment building located on a parcel that is only large

enough for two units under the density limitations of the R2-B zone is "overdense" by one unit. That unit is therefore considered to be non-conforming.

A. In Table No. 13 below, all of the 76 units shown under the "SFR" category represent single-family detached houses that are located in commercial or industrial zones. Under the "MFR" category, however, the 997 units represent apartments that may be overdense or are located in non-residential zones.

TABLE NO. 13
NON-CONFORMING RESIDENTIAL UNITS,
ALL TYPES

TYPE	SINGLE FAMILY RESIDENTIAL	MULTI-FAMILY RESIDENTIAL	TOTAL
Number	76	997	1073
%	7.1	92.9	100%

B. Table No. 14 shows single-family residences and multi-family residences which are non-conforming by virtue of being in the wrong zone. The figures do not include MFR units that are non-conforming by virtue of being over-dense.

TABLE NO 14
NON-CONFORMING SFR AND MFR UNITS
BASED ON ZONE

USE	ZONE								TOTAL
	R-1	R2-A R2-B	R-3	C-R	C-1	C-2	M-1		
SFR	-	-	-	-	2	18	56	76	
MFR	34	-	-	-	-	12	34	80	
TOTAL	34	-	-	-	2	30	90	156	
%	21.8	0	0	0	1.3	19.2	57.7	100%	

C. Table No. 15 breaks out by City survey area the number of existing multi-family units, the number permitted by the underlying residential zone, and the difference between the two numbers, which represents the number of "overdense" non-conforming units. Please see Figures 4 and five, which show graphically the information contained in this table.

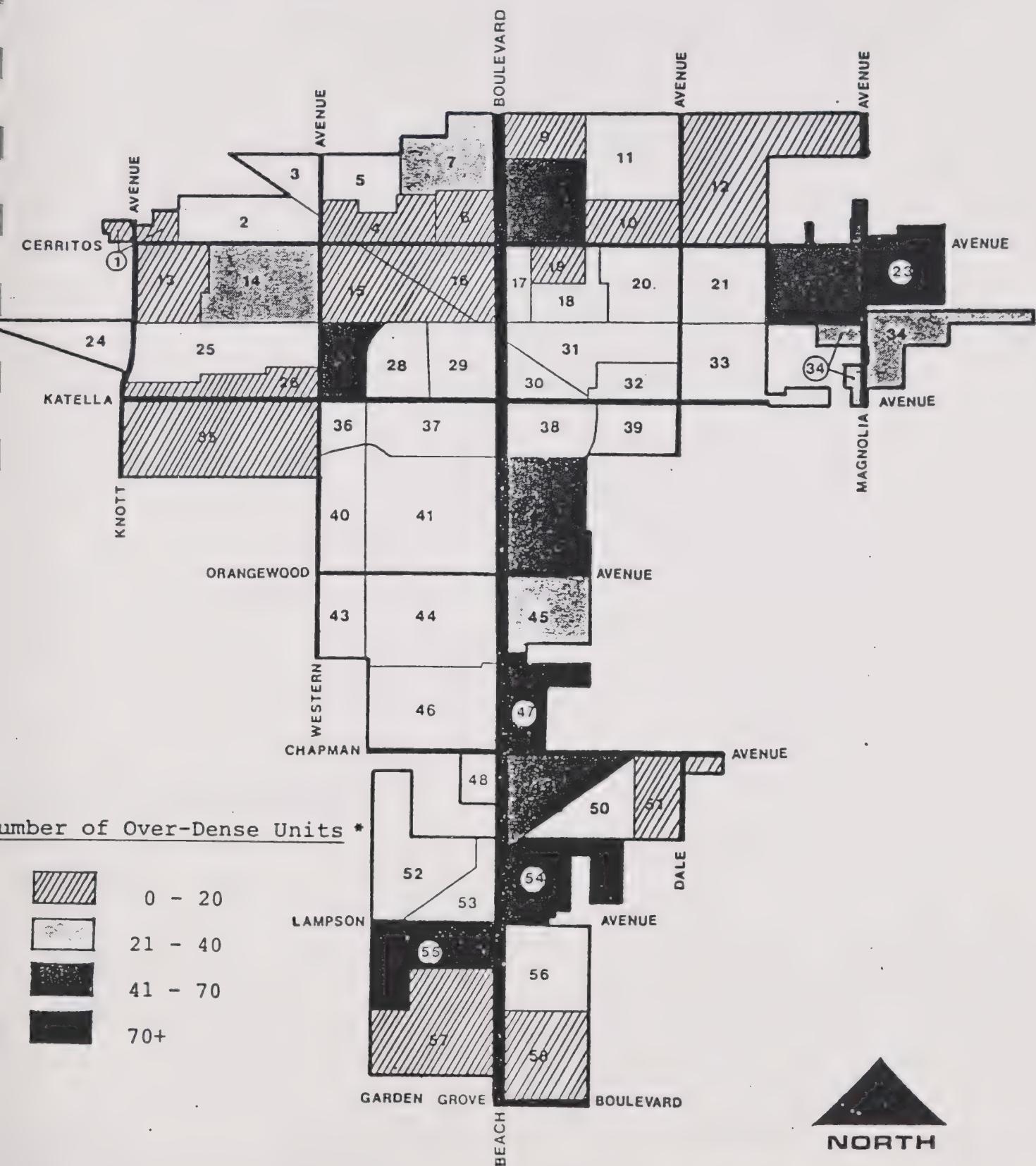
TABLE NO. 15
NON-CONFORMING UNITS FOR MFR
BASED ON DENSITY, BY SURVEY AREA

AREA	NUMBER OF UNITS	NUMBER PERMITTED BY CODE	NUMBER OF UNITS NON-CONFORMING	PERCENTAGE NON-CONFORMING
1	78	66	12	15
4	338	338	0	0
6	82	71	11	13
7	139	109	30	22
8	525	456	69	13
9	5	5	0	0
10	33	33	0	0
12	105	90	15	14
13	252	248	4	2
14	94	73	21	22
15	76	59	17	22
16	151	151	0	0
19	59	53	6	10
22	270	203	67	25
23	492	331	161	32
26	37	37	0	0
27	215	161	54	25

Continued from previous page...

AREA	NUMBER OF UNITS	NUMBER PERMITTED BY CODE	NUMBER OF UNITS NON-CONFORMING	PERCENTAGE NON-CONFORMING
34	227	207	20	9
35	599	599	0	0
42	170	106	64	38
45	72	50	22	31
47	249	147	102	41
49	418	371	47	11
51	26	26	0	0
54	359	272	87	24
55	248	143	105	42
57	496	496	0	0
58	112	109	3	3
TOTAL	5927	5010	917	15%

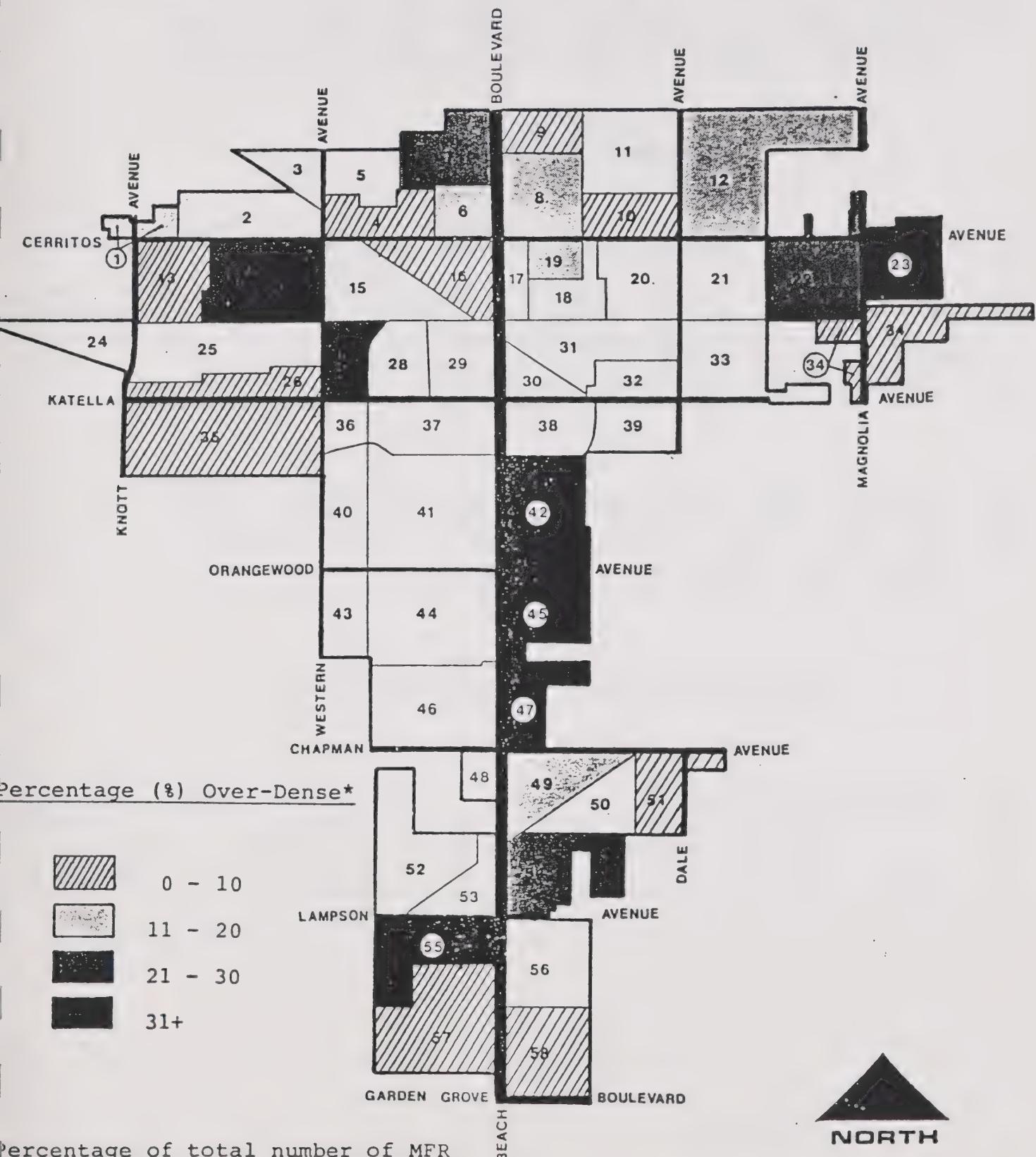
FIG. 4 NUMBER OF MULTI-FAMILY RESIDENTIAL UNITS BY SURVEY AREA WHICH ARE OVER DENSE IN THE PREVAILING ZONE.



FR units exceeding the densities
permitted in the prevailing zone.

FIG. 5

PERCENTAGE OF MULTI-FAMILY RESIDENTIAL UNITS WHICH ARE OVER DENSE FOR THE PREVAILING ZONE WITHIN EACH SURVEY AREA.



6. Table No. 16 shows the number of properties which are non-conforming by virtue of use or density for each zone. For example, under R-1, there are fifteen properties that may contain MFR, commercial or industrial uses.

TABLE NO. 16
NON-CONFORMING PROPERTIES

ZONE	R-1	R2-A R2-B	R-3	C-R	C-1	C-2	M-1	TOTAL
Number	15	11	178	0	3	26	98	331
%	4.5	3.3	53.8	0	.9	7.9	29.6	100%

7. Table No. 17 shows the total number of commercial and industrial uses in each zone which are non-conforming by virtue of being in the wrong zone, or, in the case of certain industrial uses, are a prohibited use within the City.

TABLE NO. 17
COMMERCIAL AND INDUSTRIAL USES BY ZONE

ZONE	R-1	R2-A R2-B	R-3	C-R	C-1	C-2	M-1	TOTAL
Number	2	0	0	0	1	2	19	24
%	8.3	0	0	0	4.2	8.3	79.2	100%

8. Table No. 18 shows the total number of commercial units within commercial centers; the total number of vacant units; and the vacancy rate. (This survey was conducted during the month of October, 1988).

TABLE NO. 18
RETAIL COMMERCIAL CENTERS

TOTAL UNITS	NUMBER OF VACANT UNITS	VACANCY RATE
310	73	23.5

9. Table No. 19 shows the total number of industrial units in multi-unit industrial complexes; the total number of units vacant; and the vacancy rate. (This survey was also taken during the month of October, 1988).

TABLE NO. 19
MULTI-UNIT INDUSTRIAL COMPLEXES

TOTAL UNITS	NUMBER OF VACANT UNITS	VACANCY RATE
191	39	20.4

**STANTON REDEVELOPMENT AGENCY
1995-1999 IMPLEMENTATION PLAN**

**TECHNICAL APPENDIX C
AFFORDABLE HOUSING TECHNIQUES**

Affordable Housing Techniques

A. Overview

There is a variety of program techniques available to redevelopment agencies to assist in the production of affordable housing for all income groups. Among the available techniques are site acquisition and disposition, provision of on-and off-site improvements, provision of construction loans and grants, and access to tax-exempt development financing.

In addition to Housing Fund moneys, an agency and cooperating private developers may utilize funding sources such as tax credit syndication proceeds, state bond funds, and HOME Investment Partnerships Program (HOME) funds to finance this range of program techniques.

The application of various program techniques and funding sources to the production, rehabilitation, and preservation of three basic types of affordable housing: rental housing, typically found in multifamily structures; owner-occupied housing, whether in detached or multifamily structures; and mobile homes located in mobile home parks is explored in this section.

B. Rental Housing

This section discusses agency assistance to multifamily rental housing. Uses of the Housing Fund are discussed first, since most redevelopment agency activity is funded from this source. An overview of other funding sources that are typically combined with Housing Fund assistance is provided. The following subsections describe other state, federal, and private sector funding sources and programs targeted to the provision of affordable housing that may also be used together with redevelopment resources to produce, rehabilitate, or preserve affordable multifamily rental housing.

1. Low and Moderate Income Housing Fund Assistance

With limited exceptions, all redevelopment agencies are required to set aside at least 20% of all tax increment generated from project areas into a Housing Fund for the purpose of increasing, improving, and preserving the community's supply of housing available at affordable housing cost to low- and moderate-income households.

Tax-Exempt Bonding of Housing Fund

An agency may issue tax-exempt bonds, secured by the 20% of tax increment required to be deposited into the Housing Funds, to leverage the amount of Housing Funds available at any one time.

Predevelopment Assistance

An agency may provide predevelopment loans and grants financed with Housing Funds. Predevelopment loans generally cover the costs of site location, legal fees for the negotiation of site control documents (option and purchase agreements), option payments or good faith purchase deposits, feasibility analyses (including environmental studies, market studies, and economic pro-formas), design and engineering costs, preparation of financing applications, and bond and tax credit application fees.

Site Assembly

The provision of sites for low- and moderate-income housing development pursuant to the redevelopment plan is a valid use of an agency's Housing Fund.

Land Disposition and Write-Down

Write-down of land costs is a common technique for redevelopment agency assistance in low- and moderate-income housing development.

Conveyance of Fee Interest In Land

Conveyance of a fee interest in land by an agency to a developer for a multifamily rental housing development is a fairly uncomplicated transaction. The agency may utilize a variety of techniques to ensure the land continues to be used for low- and moderate-income housing for the requisite number of years mandated by redevelopment law and local policy considerations.

Ground Leasing

An agency retains the greatest control over a development if it leases the land to a developer rather than conveying it in fee. A ground lease for a housing development usually has a term of fifty-five years or more (up to ninety-nine years is authorized by redevelopment law) and may include requirements on numerous issues ranging from rents or sales prices of units to security deposits, pet policies and services to be provided to project residents.

Loans

Loans to developers of low- and moderate-income housing are a permitted and effective use of an agency's Housing Fund. Some agencies structure land write-down transactions as loans and this technique was discussed in the previous subsection. Other forms of loan assistance are discussed below.

Long-Term Gap Financing

Most affordable housing developments are burdened with considerable "affordability gaps"; that is, the income generated by project rents is insufficient to carry the mortgage necessary to finance development of the project. Long-term agency loans often are utilized to fill this financing gap.

Construction Loans

Agencies can assist housing developers by providing short term, low interest construction financing in situations where, due to any number of risk factors, conventional construction financing cannot be obtained or is very costly.

Advances Against Other Funds

Low income housing developments often have funds committed from HUD or HCD that are difficult to get into place prior to the start of construction.

2. Attractive Low Cost/Low Interest Debt

Predevelopment and Bridge Financing: Summary

Nonprofit Sources

	UNSECURED LOANS Pre-site Control	SECURED LOANS Post-site Control
LOCAL INITIATIVE SUPPORT CORPORATION (LISC)	Unsecured loans/ recoverable grants	Secured loans
LOW INCOME HOUSING FUND		Secured loans
LOCAL AND NATIONAL FOUNDATIONS	Unsecured loans/ grants	Secured loans

Government Sources:

	UNSECURED LOANS Pre-site Control	SECURED LOANS Post-site Control
CALIFORNIA PREDEVELOPMENT LOAN FUND		Secured loans
REDEVELOPMENT AGENCIES	Unsecured loans	Secured loans
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS	Unsecured loans/ grants	Secured loans

Permanent Financing at Market and Near-Market Rates: Summary

Sources: Community Investment Funds

SAMCO (Savings Association Mortgage Company)

Statewide loan pool based in savings and loan industry; 30 year loans at slightly below market-rate interest; open application window.

CCRC (California Community Reinvestment Corporation)

Statewide lending consortium based in the banking industry; 30 year loans at slightly below market-rate interest; open application window.

AHP (Affordable Housing Program), of the Federal Home Loan Bank Board (FHLB)

Provides below-market-rate 10 year Program of the funds to FHLB member lenders; biannual RFP, with application by FHLB member lender for a specific project or program.

CIF (Community Investment Fund), Federal Home Loan Bank Board -

Provides slightly-below-market-rate 10 year funds to FHLB member lenders; open application window, with application by FHLB member lender for a specific project or program.

Sources: Private Lenders

The following lenders have made public commitments to provide financing to nonprofit housing and community development projects.

- Bank of America State Bank
- Citicorp Savings
- First Nationwide Bank
- Security Pacific National Bank
- Wells Fargo Bank

Sources: Tax-Exempt Bonds

Nonprofits' large rental projects and single family new construction projects may be eligible for financing through tax-exempt bonds, either private purpose bonds (Mortgage Revenue Bonds, Industrial Revenue Bonds), or 501 (c) (3) bonds. These tax-exempt bonds typically provide long-term financing at 1% to 1.5% below conventional rates). Housing bond financing is provided through a local government agency, or through the California Housing Finance Agency (CHFA).

Other Tools: Mortgage Insurance, Secondary Mortgage Markets

Combined with other lending sources, these tools can reduce lender risk or increase the "lendability" of a project. FHA federal mortgage insurance, such as 221(d) (3) or 241 (f), reduces risk by guaranteeing mortgage payments for eligible project types. Secondary mortgage market agencies, such as Fannie Mae and Ginnie Mae, buy long-term loans which are originated by private lenders. This purchase "recycles" the originating private lender's money, so that the lender can lend funds out again.

Permanent Financing at Very Low Cost/No Cost Rates: Summary

Locally Administered Programs

Federal Funds

Title	Description
Community Development Block Grant (CDBG)	Wide variety of eligible uses
HOME (new federal program)	Wide variety of eligible uses

Loan Funds

Redevelopment Agency 20% Setaside funds	Wide variety of eligible uses
---	-------------------------------

State-Administered Programs (selected programs)

Title	Description
Rental Housing construction Program (RHCP)	New construction of rental multifamily housing - 3% loans
Family Housing Demonstration Program	New construction/rehab of rental housing with on-site support services - 3% loans
California Housing Rehabilitation Program-Rental (CHRP_R)	Rehabilitation of rental or cooperative housing - 3% loans
California Self-Help Housing Program (CSHHP)	Self-help construction or rehabilitation - 10% loans
Mobilehome Park Resident Ownership program (MPROP)	Acquisition/rehabilitation of mobile home parks - 3% loans

Federally Administered Programs

Title	Description
Section 202 Elderly	New construction multi-family rental housing
McKinney Act Programs	Capital grants and operating subsidies for transitional and emergency homeless shelters

3. Reduced Development Costs and Purchase Price**Reduced Development Costs****Fee Waivers**

Localities may be able to waive, pay or delay various development or impact fees for nonprofits.

Donated/Discounted Materials

Vendors may be willing to provide donated or discounted materials.

Volunteer or Resident-Self-Help Labor

Properly supervised, volunteer or resident-self-help labor can reduce development costs and achieve other organizational goals.

Reduced Purchase Price

Density Bonus

State law requires localities to allow additional density to new construction developments which include some low income housing -- either 20% of the units at rent levels affordable to households earning 60% of median adjusted income, or 10% of the units at rent levels affordable to households earning 50% of median adjusted income). As revised in 1989, the state law essentially requires localities to provide a density bonus of at least 25% plus an additional economic incentive, or to provide other incentives of equivalent financial value. Using the density bonus reduces the acquisition cost per unit.

Acquisition at a Pre-Zoning-Change Cost

Strategy of purchasing property which is priced at its current zoning/density, with the likelihood of later obtaining zoning changes which will increase that density. Such a density increase would simultaneously lower the acquisition price per unit, and increase the mortgageable value of the property.

Purchase of Lease of Government Property

Local government, redevelopment agencies, state or federal agencies may own potential development sites and sell or lease them at a nominal cost.

Bargain Sale

Provides federal tax benefits which can partially compensate a property donor (or a property seller at below-market cost) for their lost sales income.

Sale under Threat of Condemnation

Provides federal tax benefits to sellers of property which might otherwise have been condemned by a public agency for low income housing or other eligible purposes.

4. Equity Investments

Low Income Housing Tax Credits (federal, state)

Tax credits provide tax incentives for corporations and individuals to make equity investments in low income rental housing. The state has created a state tax credit program to deepen the benefits created by the federal tax credits. Through tax credits, nonprofit developers can raise as much as one-third of the development costs of a new construction project, and lesser amounts for an eligible acquisition/rehab project.

- Tax credits add considerable soft costs to a project, and are therefore generally only useable in new construction projects of

at least 10-15 units (the minimum for acquisition/rehab is larger but depends upon the project).

- Nonprofit tax credit projects are usually owned jointly in a limited partnership, in which the nonprofit is the general partner and owns a 1% interest in the project, and the private investors own the remaining 99% majority interest as limited partners.
- There is a statewide ceiling on federal and state tax credits, and the credits are allocated by the state in a very competitive process.
- The value of tax credits in a new construction project is cut by more than half (from approximately 9% of qualified basis to 4% of qualified basis) if other federal capital resources are used in the project.

5. Rental and Operating Subsidies

Project-Based Subsidies

Project-based rental and operating subsidies are subsidies to units in a project. Project-based subsidies are usually combined with a government program providing low cost capital, in order to allow a building to house very low income people.

For instance, Section 202 elderly housing projects receive federal capital subsidies and Section 8 project-based rent subsidies. The certificate contract requires HUD to pay the difference between the tenant's contribution and the agreed-upon rents, and therefore essentially guarantees to rent and allows very low income residents to live there.

Tenant-Based Subsidies

Tenant-based rent subsidies are "attached" to the tenant -- that is, if the tenant moves from a unit, the subsidy leaves the unit and travels with the tenant.

Tenant-based Section 8 Existing Vouchers and Section 8 Existing Certificates are the most widespread type of tenant-based subsidies. This federal rent subsidy program pays part of the rent for very low income (less than 50% of median) tenants, and is administered by local housing authorities.

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